Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.800	Israel	Shk4.00	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc165
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£2.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.00	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.50	Sweden	SKr13
Greece	Dr280	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp5100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Tuesday April 2 1991

D 8523A

AFTER COMECON
High hopes give way to empty shelves
Page 17

World News

Yugoslav talks hindered by renewed violence

Yugoslav army tanks patrolled the country's largest national park, Plitvice, after two people were killed in weekend clashes between Croatian police and ethnic Serbs.

The violence has undermined attempts by national leaders to negotiate a solution to its worst political and economic crisis since 1945. Page 18

Land dispute lingers

Two weeks before Soviet president Mikhail Gorbachev visits Tokyo, Japan's ruling LDP party is trying to persuade him to settle a territorial dispute over four islands which has dogged bilateral relations since 1945. Page 6

Rebels take Khost

Red Cross workers arrived at Khost military garrison in south-eastern Afghanistan after the weekend victory by Mujahideen guerrillas over government forces. Page 6

US sailors accused

Two US black Moslem sailors facing court martial denied attempting to sabotage an aircraft carrier in support of Iraq during the Gulf war. Page 4

Six die in townships

Six people were killed in factional fighting in South Africa's black townships, taking the death toll to at least 58 since last Wednesday.

Kerekou steps down

Benin's President Mathieu Kerekou has accepted defeat in elections, easing fear in the west African state that he might try to cling to power. Page 4

Peru resignation

Peruvian interior minister, General Adolfo Alvarado, widely criticised for setbacks in the anti-guerrilla war, has *resigned.*

Two Swedes seized

Gunmen kidnapped two Swedish engineers in Indian-ruled Kashmir, the first foreigners seized there since separatist fighting began 15 months ago.

Soviet-Chinese talks

The Soviet foreign minister Alexander Bessmertnykh met his Chinese counterpart Qian Qichen in Peking to prepare for May's planned visit by Chinese Communist party secretary-general Jiang Zemin. Page 6

Zhivkov defenceless

Ousted Bulgarian leader Todor Zhivkov said he could not afford to keep paying the lawyers defending him in his trial on embezzlement charges.

Marcos faces suit

The Philippines will file up to seven criminal cases against the widow of former president Ferdinand Marcos to recover $350m deposited in Swiss banks. Page 4

Jewish march halted

Police prevented Jewish extremists from going to Jerusalem's Temple Mount but later permitted them to march with Israeli flags through the Moslem quarter of the old city.

French gas blast

A gas explosion ripped through a four-storey block *of flats in* the central French town of Salbris, killing at least one person and injuring 18.

Palestine refusal

The Democratic Front for the Liberation of Palestine refused to obey a Lebanese government order *to disarm on* the grounds that it had to defend itself against Israeli attacks.

Critic's choice

Chinese officials who selected this year's Academy Awards entry have been ordered to write self-criticisms for drawing world attention to a film that embarrasses China.

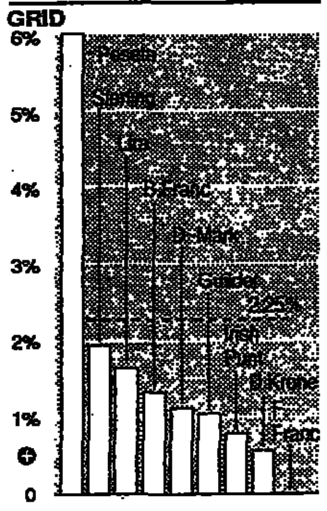
Business Summary

Laidlaw tries to increase control of ADT group

Laidlaw, Ontario-based waste management and school bus operator, has issued a lawsuit against Mr Michael Ashcroft, the chairman of ADT as part of an attempt to assert a greater control over the Bermuda-based car auction and security group. Page 19

European Monetary System: Sterling finished last week as the second strongest member of the exchange rate mechanism, boosted by a move out of the D-Mark and by high London interest rates. The French franc stayed at the bottom of the ERM, but traded comfortably within its allowed limit against the strongest placed Spanish peseta. An easing of Spanish and Italian interest rates led to a decline of the peseta and the lira. Currencies, Page 33

EMS March 28, 1991



The chart shows member currencies of exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise by more than 2.25 per cent from the weakest currency in that part of the system. Sterling and Spanish pesata operate within 6 per cent fluctuation bands.

CURRENCIES: At midday in New York, sterling stood at $1.76. The dollar was at DM1.694, FFr5.70825, SFr1.43675 and Y140.2. In Tokyo the dollar closed at Y140.6. Currencies, Page 33

EQUITIES: *An extended Easter* weekend brought quiet trading. US blue chips sank to new session lows at midday. The Dow Jones Industrial Index was down 22.52 at 2,891.34. The S&P Comp was off 2.59 at 372.63. Japanese stocks closed lower mainly due to a reluctance to trade. The Nikkei Index fell 284.64 to 26,007.4. World Stocks, Page 28

US ECONOMY continued to decline last month, but at a slower rate than during the winter, underpinning hopes that the low point of the recession may be near. Page 2

SCHNEIDER Groupe, French electrical equipment manufacturer, has extended its tender offer until April 12 for Square D, after failing in its proxy fight for control of the Illinois electrical products maker. Page 22

COAL and Allied Industries appears to be making progress in its campaign against a A$437m ($338m) hostile takeover bid by CRA, Australian mining group. Page 22

MALAYSIA'S GDP growth this year is expected to slip to 8.3 per cent, after four years of rises and a 10 per cent rate last year, according to Bank Negara. Page 6

ARGENTINA has implemented its toughest adjustment programme yet by making the currency convertible, banning indexation and opening the market to imports. Page 2

Moscow acts on price panic

By John Lloyd and Quentin Peel in Moscow

A HUGE increase in cash and *credit in the Soviet economy,* and an imminent devaluation of the rouble, are planned by the Soviet authorities to ease the trauma of today's sweeping food price rises.

The moves were spelt out by Mr Viktor Geraschenko, the chairman of Gosbank, the state central bank, in an interview with the Financial Times on the eve of the food price rises, which have sparked panic buying across the country.

State price controls governing 35 per cent of retail turnover, including some basic foodstuffs, are to be abolished *or greatly relaxed from today,* and prices are likely to rise by an average of 70 per cent.

Huge queues blocked the doors of shops and stores in every town yesterday as Soviet consumers tried to spend their roubles on anything and everything still available at the old *state prices.*

The implications for the Soviet economy are dramatic. Mr Geraschenko said retail turnover would increase from Rbs450bn last year to an estimated Rbs720bn this year.

As a result, the central bank intends to print an additional Rbs40bn in banknotes to meet the needs of higher prices and higher wages, on top of the Rbs140bn currently in circulation. New Rbs20 and eventually Rbs500 banknotes would *be introduced.*

There will also be a further Rbs70bn in credit for state enterprises, on top of the Rbs400bn they already receive. This is because the enterprises have had to pay sharply increased wholesale prices since January 1, but only benefit from higher retail prices from today.

Critics of the government's price reform strategy say the once-off increase in money supply will make it impossible to prevent an inflationary spiral, with the enterprise credit fuelling a wage explosion.

Mr Valentin Pavlov, the prime minister, is supposed to meet striking coal miners today and is expected to try to buy industrial peace with a hefty pay settlement.

The Gosbank chairman said a further devaluation of the rouble was inevitable and imminent.

He also indicated that there would be new restrictions on the ability of joint ventures to buy hard currency in currency auctions, where the rouble exchange rate has recently topped Rbs30 to the US dollar, against a commercial exchange rate of less than Rbs6 to $1.

He said Soviet exporters were no longer competitive after the increase in wholesale prices and must be compensated. "Price reform demands that we revise again the present commercial rate exchange," he said.

At the same time, the current tourist exchange rate of nearly Rbs6 to the dollar was "a bit ridiculous" in its generosity, and was penal for Soviet citizens hoping to travel abroad.

Speculation in Moscow is that Gosbank will amalgamate the commercial and tourist exchange rates once again, somewhere between the Rbs3 and Rbs10 rates to the dollar, perhaps around 6:1.

A new currency law came into effect yesterday intended to restrict the use of hard currency and stop Soviet enterprises from keeping bank accounts abroad. Mr Geraschenko admits to growing concern at the flight of capital from the Soviet economy.

Mr Geraschenko was confirmed in his post two weeks ago by the Soviet parliament *for a six-year term, the longest* for any official job in the Soviet Union.

He has been much more independent of the central government, showing deep cynicism about the money reform in January, when all Rbs50 and Rbs100 banknotes were abruptly withdrawn from circulation.

He said the whole exercise succeeded in taking little more than Rbs5bn out of circulation, against an intended Rbs25bn.

"It was not our idea, but we passively supported it," he said. "We were fed up with the demands from all sectors of public opinion that there should be money reform. We thought that this kind of exchange would show that it is not the main problem in our economy."

He said the withdrawal of the big banknotes had actually postponed price reform because there was not enough cash left to pay the compensation to wage-earners and pensioners promised by the government. Hence the crash money printing programme.

He suggested that the government would now move swiftly to liberalise prices further.

The original plan was for a second phase of liberalisation in 1992. This would probably now happen this year.

● *The State Bank yesterday* moved a step nearer to market conditions when it raised the rate at which Soviet citizens must buy foreign currency for foreign travel.

From today, the rate has been raised to 27 roubles to the dollar – close to that set by the currency auctions at which Soviet and foreign enterprises exchange dollars for hard currency. The limit allowed for purchase remains fixed at $200.

● **Voters in the Soviet republic of Georgia have flocked to the polls to give overwhelming support in favour of complete independence from the Soviet Union. Early returns in Sunday's referendum showed a turnout of 95.5% and a vote for independence of 99.4%** ....Page 3

● **People in Soviet Tajikistan are said to be panic-stricken by news that their hefty 50 kilo sacks of flour will be more than tripling in price from today, from Rbs13 ($7) a sack to Rbs40 ($21.89). Many Tajiks feel betrayed by their government** ....Page 3

● **Comecon's collapse is causing difficulties for eastern Europe and the Soviet Union** ....Page 17

● **The FT Interview: Oleg Ozherelev, Mr Gorbachev's new economic adviser** .....Back Page, Section II

US claims businesses are fronts for Iraqi government

By Peter Riddell, US Editor, in Washington

THE US Treasury last night named 52 businesses and 37 *individuals as fronts for the* Iraqi government. They will now be subject to the trade embargo and assets freeze against Baghdad imposed last August.

The US move is intended to encourage the provision of more information about Iraq's *financial and arms dealings* and to discourage such activity.

All transactions by American citizens with the named companies and people under US jurisdictions is now illegal, unless specifically licensed by the Treasury.

Mr John Robson, the Treasury deputy secretary, said "exposing these companies and individuals strikes a blow at Iraq's subterranean network in the world of arms trading and clandestine financial operations."

Of the 52 companies, 31 are named as being based in Britain, as are 13 of the 37 individuals. A number of continental European subsidiaries of UK companies are also named.

The list has been compiled following seven months of investigation to uncover hidden assets owned by Iraq and by President Saddam Hussein.

The US Treasury is seeking cooperation from other western governments in freezing the assets of those listed.

Those named under an order from the Treasury's Office of Foreign Assets Control are *now considered* "specially designated nationals," or agents of the Iraqi government. This brings them under the embargo and assets freeze put in place last August by President Bush.

Doing business with an Iraqi specially designated national is deemed equivalent to doing business with the Iraqi government which carries criminal penalties in the US of up to $1m per violation, as well as prison sentences of up to 12 years for individuals.

Several of those listed are familiar from recent inquiries into Iraq's arms network, including Bay Industries of Santa Monica, California, whose assets were frozen on March 22; and Matrix Churchill of Ohio, the subsidiary of the Coventry, England, machine tools company of the same name, which was itself bought by a British company in February.

Continued on Page 18

President and other reformers go down to defeat in first multi-party poll since 1945

Supporters of the Democratic Party of Albania holding a rally outside the Democratic headquarters in Tirana yesterday, one day after Albania's first free election in 46 years

Communists hold power in Albania despite setbacks

By Laura Silber in Tirana

ALBANIA'S ruling communists yesterday retained power in the country's first multi-party elections since 1945. But the victory of the Albanian Party of Labour (APL) was marred by personal defeats for its leader, President Ramiz Alia, and other party reformers.

There was a hefty swing in the cities to the opposition Democratic Party, while the APL gained massive support from the rural population.

The APL won about 66 per cent of the vote, according to early results of Sunday's election, while the rest went to 11 *opposition parties, of which* the Democratic Party is the most popular.

Mr Xhelil Gjoni, secretary of the Communist Party, and a hardline Stalinist, said: "The elections prove the Party, with Comrade Alia at the helm, is Albania's main party and has the support of the people."

However, the pace of reform has been thrown into doubt by the defeat of Mr Alia, the chosen successor of the dictator Enver Hoxha, at the hands of Mr Franko Krroqi, a candidate for the Democratic Party.

According to the unofficial returns, the Democratic Party gained most of its support from the big cities, winning 74 seats in the 250-seat parliament. More than 90 per cent of *Albania's 1.9m eligible* voters cast their vote.

Hardliners may call the shots, Page 2

Output forecasts raise hopes of trough in British recession

By Peter Marsh, Economics Staff, in London

EXPECTATIONS about output levels by British manufacturers have improved for the first time in eight months, according to a survey published today by the Confederation of British Industry, the employers' organisation.

The survey is among the first signs that the UK recession is close to reaching a trough, even though it indicates that business confidence remains extremely weak.

The report contains good news for the government on inflation, saying that fewer manufacturers expect to raise prices than at any time since the CBI began its surveys 16 years ago.

Another report published today, from Dun & Bradstreet, the business information group, warns that the recession is likely to lead to the collapse of more than 40,000 businesses this year in England and Wales.

In the first three months of *the year, nearly 8,000 businesses* failed, the highest rate since Dun & Bradstreet started keeping records in 1980.

About 25,000 businesses collapsed last year, an increase of 35 per cent on 1989. Dun & Bradstreet say the increase in failures has been "disconcertingly rapid" and criticises many businesses for failing to apply basic disciplines.

In the latest of the CBI's monthly surveys, 37 per cent of companies said they expected output volumes to decline in the next four months, compared with 13 per cent predicting output would improve. The balance of 24 per cent expecting a downturn represented a less pessimistic stance than in the CBI's February survey, when 36 per cent predicted lower production.

The latest survey is the first since August last year in which companies have expressed a more optimistic view about production. Between July and August 1990, the balance of companies expecting output to decline went down from 5 per cent to 3 per cent. In April last year, a balance of 1 per cent expected production to rise.

Mr John Banham, director general of the CBI, said that the bottom of the recession "might be in sight". But he warned that "times are still very difficult for a very large number of businesses".

In the CBI survey, 1,422 companies answered questions on *their business prospects* between February 27 and March 20, roughly coinciding with the period between the end of the Gulf war and the UK budget. The outlook for order books improved slightly compared with February, while prospects for exports worsened.

A balance of 4 per cent of companies said they expected to increase prices on domestic orders, compared with 6 per cent in February. This indicates that many companies are finding the recession so difficult that they are desperate to keep prices low.

Profits revival, Page 8

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THE FT INTERVIEW

For Oleg Ozherelev, President Mikhail Gorbachev's new economic adviser, reality has forced a shift away from a rapid dash to a free market to a posture of caution, withdrawal and stabilisation
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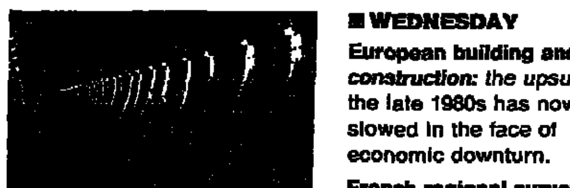
FT SURVEYS THIS WEEK



European building and construction

The Channel Tunnel is Europe's largest transport project. Above: the main tunnel takes shape. *(Tomorrow's survey, see details, right.)*

■ **WEDNESDAY**

European building and construction: *the upsurge of* the late 1980s has now slowed in the face of economic downturn.

French regional survey: the Rhône-Alpes – seeking a stronger identity.

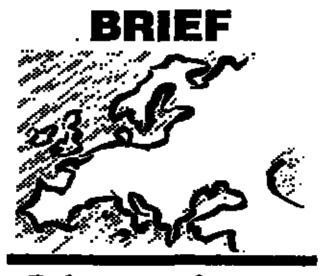
■ **THURSDAY**

Factoring: a growing industry as businesses seek to ensure speedier cash-flows.

■ **FRIDAY**

Latin American finance: cautious optimism follows signs of improvement.

EUROPE IN BRIEF



Olympic Airways to cut salary costs

OLYMPIC Airways, the Greek state carrier, yesterday laid off 1,800 employees for three months on half pay under a plan to cut salary costs by Dr6bn ($34m) this year, writes Kerin Hope in Athens. The company said the remaining 6,000 ground staff would be laid off in stages for between one and three months once the summer tourist season ended. Pilots and cabin crews will not be affected after agreeing to take cuts in overtime and to forego privileges such as discounted fares for family members.

Olympic faces severe financial problems, with operating losses for 1990 estimated at a record Dr26bn. The Gulf war is thought to have cost it about Dr16bn because of higher fuel costs and a 48 per cent drop in passenger traffic for the first quarter. Last week the airline announced the sale of a 49 per cent stake in its loss-making in-flight meals subsidiary, Olympic Catering, to a Dutch-based affiliate of the Abela group.

Romanians face big price rises

Romanians faced up to their biggest food price rises in almost half a century yesterday with a mixture of anger and grudging acceptance, Reuter reports from Bucharest. Staples such as bread, eggs and meat doubled in price with the ending of four decades of subsidies.

The government has tried to cushion the blow through cash handouts, partial indexation of wages to prices, and temporary upper limits on the price increases. The price rises were accompanied by introduction of a progressive individual income tax yesterday with rates ranging from 6 to 45 per cent. Under the old command economy the state did not tax the individual directly but levied taxes on enterprises. The government has also set minimum monthly pre-tax wages of 4,675 lei ($78 at the new official exchange rate of 60 lei to the dollar) for April and 5,975 lei for May.

Madrid hosts CSCE talks

Politicians from 34 European countries, the US and Canada began talks in Madrid yesterday on plans for a new parliamentary assembly for the Conference on Security and Co-operation in Europe (CSCE), Reuter reports from Madrid. In a three-day meeting, about 400 politicians will seek consensus on the structure of the new assembly, agreed upon in the Charter of Paris for a New Europe signed at the CSCE summit in Paris last November.

The meeting will have to decide whether the assembly should have a permanent location and how it should function. The 25-member Council of Europe, based in Strasbourg, has suggested siting the CSCE there.

80,000 Germans march in rallies

About 80,000 Germans took part in traditional Easter weekend peace demonstrations, far fewer than in previous years because of apathy induced by the Gulf war and the end of East-West conflict, Reuter reports from Berlin.

Turnout was particularly low in eastern Germany where most people are preoccupied with mass unemployment in the transition to a market economy.

Germany, with its militarist past, has long had a stronger pacifist movement than elsewhere in Europe. Hundreds of thousands of Germans have demonstrated on previous Easter weekends.

Appeals to join Easter rallies had less resonance this year because of the Gulf War in which U.S.-led multinational forces ousted Iraq quickly from occupied Kuwait.

Argentina starts to make harsh adjustment

By John Barham in Buenos Aires

ARGENTINA yesterday began to implement its toughest adjustment programme yet, amid guarded optimism that the country may have found a solution at last to its intractable economic problems.

Legislation came into force making the currency convertible, banning indexation, opening the domestic market further to imports, and forbidding the government from printing money to cover its budget deficit.

The average import tariff fell to 9.4 per cent, from 22 per cent, and duties that gave added protection to certain industries were also abolished.

The business lobby had fought to block these changes. Imports and the fixed exchange rate may force Argentina's obsolescent companies to raise productivity.

Since the policies were announced 10 days ago, interest rates have fallen steeply, equities have climbed by more than 50 per cent and volatile foreign exchange markets have stabilised.

Inflation in March has been halved, from 27 per cent in February. The government hopes price stability and low-interest credit will lift the economy.

One businessman said: "We expect some recovery in 60 days and convertibility to succeed in the short run. We are increasing credit terms to our clients and we do not expect to increase our prices."

This is President Carlos Menem's fourth adjustment programme since he took office in July 1989.

Mr Domingo Cavallo, economy minister, vigorously denies that his policies are intended to revive the government's flagging prospects in mid-term Congressional elections, due in September.

Like its predecessors, his plan hinges on balancing the budget. If the minister succeeds where his forerunners failed, his status as leading minister will grow. Aides are already suggesting that Mr Cavallo will be a strong contender to succeed Mr Menem when his term ends in 1995.

Survey boosts US recovery prospects

By Peter Riddell, US Editor in Washington

THE US economy continued to decline last month, but at a slower rate than during the winter, underpinning hopes that the low point of the recession may be near.

The widely watched monthly business survey of purchasing managers yesterday reinforced other recent optimistic indicators such as consumer confidence, new orders, housing starts and sales and building permits.

However, leading US corporations such as IBM and the Big Three Detroit motor companies have been shedding labour and the employment outlook remains gloomy in the short term.

The purchasing managers' index rose to 40 in March from 38.5 previously, the second monthly rise in a row.

While a reading below 50 indicates that the manufacturing economy is generally declining – as it has since last September - the rises in the index in February and March suggest that the worst of the downward trend may have been seen in January.

Mr Robert Bretz, chairman of the National Association of Purchasing Management's business survey committee and director of corporate purchasing at Pitney Bowes, the office equipment company, noted that the overall position had improved significantly since January even though the new orders index was still negative.

He concluded that "the light at the end of the tunnel got a little brighter in March and the economy is clearly moving in the right direction."

The inflation outlook appears to be much brighter. By a margin of almost four to one, more purchasers report paying lower than higher prices last month.

The inflation index is now at the lowest level registered since November 1982, the trough of the last recession.

In detail, the rate of decline of production also appears to be slowing, while new export orders remain buoyant. Companies report relative ease in obtaining products with a decreasing number of items in short supply. Stock/inventory levels have dropped for the 28th month running.

These points, coupled with other recent indicators, suggest that , while economic activity is still declining, the turning point may be near, some time in the April-to-June quarter. However, the pace of recovery is much less certain. , in part because the recession has been relatively mild and because of continuing problems in the property and banking sectors.

● US construction spending fell in February by 0.1 per cent to a seasonally adjusted $395.1bn annual rate, the lowest level since April 1986.

Hardliners may now call the political shots in Albania

The elections may have ushered in a period of instability which could jeopardise economic and political reforms, writes Laura Silber

THE VICTORY of Albania's ruling Communists in multi-party elections on Sunday is likely to plunge the Balkan country into an even more uncertain and unstable future.

It had been hoped that the elections would break the hold of Albania's communist Party of Labour (APL), and push Europe's poorest country out of its isolation.

But the success of five of the party's hardliners, combined with the defeat of more moderate APL candidates, could jeopardise much-needed economic and political reforms.

"The elections should have helped Albania to enter Europe. Instead, we are faced with a rather frightening scenario plummeting Albania back into the days when the hardliners called the shots," said a diplomat based in Tirana.

The defeat of several APL leaders, including Mr Ramiz Alia, the president, could mean a loss of influence by the moderates who have been instrumental in shaping the country's recent economic and political reforms. The moderates will no longer be represented in parliament or the government.

Mr Alia will remain president for the foreseeable future. But it is as yet unclear when the new, communist-dominated government will be formed.

Despite its relative success, the opposition yesterday ruled out joining a coalition government with the Communists who rigidly controlled Albania's 3.3m population for over four decades.

Mr Sali Berisha, president of the Democratic Party, who won an unconfirmed 90 per cent of the vote in the central town of Kavaje, a strong centre for the opposition, said: "Morally, we are the winners. This is the real end of communism in Albania."

But he added: "The Communists will hold a congress in two months, where splits will emerge. They will quarrel and be unable to govern, which will force fresh elections."

Given the short time in which the election campaign was organised, the Democratic Party, the largest of the opposition movements, did remarkably well. It won about 34 per cent of the poll, largely by mopping up the vote in the cities and large towns.

Mr Alia and several other APL candidates lost despite standing in Tirana's most privileged electoral districts, an indication that the party has lost control of the bureaucracy and intellectuals in Albania.

The elections, which mark the beginning of Albania's attempts to heal old scores among sections of the population, could have the opposite effect by leading to unrest in poorer parts of the cities.

Workers living in industrial centres are tired of severe economic deprivation and are growing impatient with Albania's cautious road to reform.

The victory of the communist hardliners could even further polarise the country. The Communists reluctantly held the elections in an effort to gain the western stamp of approval and also in an attempt to secure foreign aid. Not all the foreign observers were happy with the way the vote had been conducted.

"The presence of foreign observers and journalists was used to give the veneer of respectability to the Communist party," said Lord Nicholas Bethell, a member of the European Parliament, who had been invited to Albania by the Democratic Party. "Official observers have been manipulated to appear to the public to support the dictatorship.

Mitchell rules out early bid for president

SENATOR George Mitchell, the Democratic majority leader, would like to be US president but has no plans to run next year, he said in a weekend television interview, writes Peter Riddell.

The last Senate majority leader to seek the presidency was Lyndon Johnson in 1960.

Senator Mitchell, who has been a thorn in the side of President George Bush, said he had made no decision beyond 1992, when he would not be a candidate.

He said he was still learning the position of majority leader which he took over at the end of 1988 and thought he could best serve in that post and as a senator from Maine (he is up for re-election in 1994).

While the Democratic presidential race remains low key by comparison with past contests, partly because of the commanding opinion poll lead of Mr Bush for the Republicans, it has begun to stir. Governor Douglas Wilder of Virginia, the first black elected governor, announced last week that he is considering running and is setting up an exploratory committee, a move which undermines the position of Mr Jesse Jackson.

The only other Democrats who have made tentative moves are former Senator Paul Tsongas from Massachusetts and Mr George McGovern who was heavily beaten in 1972.

Peru minister resigns amid criticism

PERUVIAN Interior Minister General Adolfo Alvarado, widely criticised for setbacks in the anti-guerrilla war and alleged human rights abuses, has resigned, Reuter reports from Lima.

A spokeswoman said President Alberto Fujimori had accepted Mr Alvarado's resignation late on Sunday. He will be replaced by army General Victor Malca, commander of the northern region of Piura.

Mr Alvarado had been interior minister since Mr Fujimori took office in July 1990.

Calls for Mr Alvarado's resignation increased after the recent escape of a leftist guerrilla leader in which two police officers were shot dead.

Mr Alvarado was also criticised for failure to prevent guerrilla attacks on the US embassy and US-related sites during the Gulf war and to detect a car bomb which exploded in January outside the Interior Ministry, killing two police officers.

Human rights groups renewed calls for Mr Alvarado to quit after a letter bomb ripped through the offices of the National Human Rights Commission, severely wounding a legal adviser. The type of bomb used had not been seen in guerrilla attacks but the police are known to possess them. Mr Alvarado has denied police were waging a "dirty war" against human rights campaigners.

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Tajiks find rise in bread prices hard to swallow

Jo Carley reports on a sense of betrayal in Dushanbe, Tajikistan

MR ABDUL JANOV, minister *for bread in Soviet Tajikistan*, is a man with a heavy mission. In recent months he has struggled with the unenviable task *of trying* to persuade people in the central Asian republic of the need to reform state prices for their highly prized bread.

"*The pricing system* has been completely crazy up till now," he said wearily. "Bread has been so cheap that central Asians have been feeding it to their dogs."

Although his demands for reform will be met today, when Tajikistan *moves* to implement Moscow's price reforms, his attempts to win over local people have largely failed. Most Tajiks have been panic-stricken by news that their hefty 50 kilo sacks of flour will be rising in price from Rbs13 (£4) a sack to Rbs40 (£12.30).

The Tajik government's decision to implement the reforms at all has been regarded by many Tajiks as betrayal. In recent months, both the Tajik president, Kakhkar Makhkamov, and the neighbouring Uzbek president, Islam Karimov, have repeatedly promised their nervous populations that the price of essential food would not be raised.

But in spite of popularist rhetoric, hard economics has forced the hand of both the Uzbek and Tajik governments. Though Moscow has ruled that the republics can set their own prices for some commodities, most Tajik economists now accept that any attempt to revolt over the prices of staples like flour would be tantamount to economic suicide.

The key reason is that Tajikistan's impoverished budget, kept afloat only by large grants *from Moscow, simply could not* meet the bill for subsidies. Last year, for example, subsidies on the 1.5m tonnes of grain which *Tajikistan imported from other* republics amounted to some Rbs500m. Although Moscow has been footing most of the bill for this in the past, according to Moscow decrees at the beginning of the year, subsidies should now be met by the republics themselves – something which Tajikistan, whose total budget last year was only R3.5bn, clearly cannot do.

But these sums cut little ice with most of Tajikistan's rural population. Bread prices have long been an emotive issue in central Asia. Not only does bread play a central role in the diet and culture of Tajiks and Uzbeks, but it is also one of the *few commodities sold almost* exclusively through the state system. So although the Tajiks have been contending with rises in the price of meat, vegetables and cloth in the thriving local bazaars for many months, *they have not been faced with* a change in the price of flour for nearly 40 years.

"Raising the price of bread is *an attack on the very soul of* the Tajiks," a Tajik villager said recently, reflecting widespread anger. "It's a betrayal of *everything that our* government ever stood for."

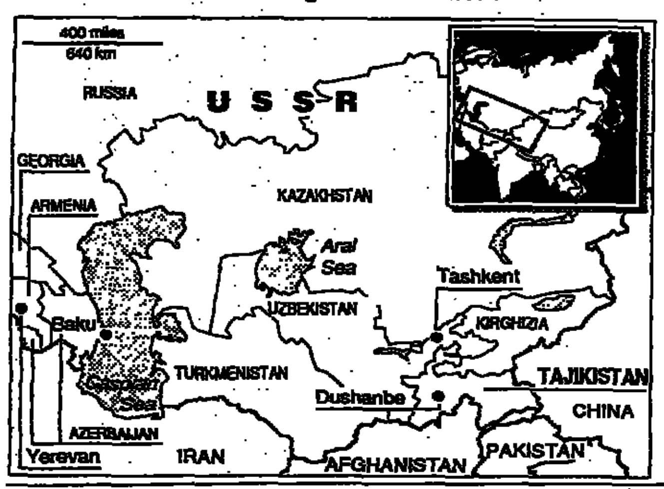
There is limited faith in the system of social benefits introduced *to soften the blow of* price rises. Although most villagers expect to get at least an extra Rbs60 a month in their pay packets, those officially considered unemployed will not get any benefits – an announcement that has provoked considerable resentment, since the official unemployment rates are rapidly rising across the central Asian republics. (But many registered unemployed are in fact busy in the black market or private sector.)

Anger over bread price reform has been balanced by a surprisingly muted reaction to many other price reforms. The reason is that in recent years central Asians have become increasingly dependent on thriving private markets for food supplies rather than state shops. These shops are not only badly stocked but also tend to have commodities the Tajiks rarely buy. It is common to find village shops lined with boxes of ancient tinned sprats, which distant central planners once decreed should be delivered, in spite of Tajiks' aversion to tinned fish.

Similarly, news that state meat prices will be trebled has provoked surprisingly little reaction. "We hardly ever get meat in the shops here anyway," *a shopkeeper said* recently. "And when we do, most Tajiks won't buy it anyway because it's not *halal*" – *meaning it has not* been slaughtered according to Islamic prescriptions.

There is generally as much, if not more, concern over spiralling meat prices in the local bazaars, now at Rbs15 a kilo. This is only a quarter of the prices in the Moscow markets, as most Tajiks are smugly aware. And the array of locally grown fruit and vegetables would *still* dazzle the average Russian housewife. But nevertheless, this does little to assuage mounting fears of price rises.

"We used to think that if we couldn't afford meat, at least we could still buy lots of *bread*," commented the same shopkeeper. "But if we have to think twice about buying our bread, that's when we'll really panic about these so-called market reforms."



Demonstrators hold portraits of Russian leader Boris Yeltsin during a weekend rally in Leningrad

Ethnic attacks in South Ossetia mar referendum

Georgians flock to vote for independence

By John Lloyd in Moscow

THE leaders of the Soviet republic of Georgia have obtained an overwhelming vote in favour of complete independence from the Soviet Union.

Early returns in Sunday's republican referendum, drawn from half the polling stations, showed a turnout of 95.5 per cent and a vote for independence of 99.4 per cent. The republic has a population of 5.5m and an electorate of 3.4m.

Mr Guja Khundadze, a spokesman for the Georgian parliament, said: "It will be very difficult now for [President Mikhail] Gorbachev to keep Georgia in the Soviet Union. We might be the first ones to leave."

The sweeping mandate for independence was marred, however, by reports that Georgia's South Ossetian minority was coming under increasingly savage attack from Georgian militants. Georgia is one of six union republics – with Armenia, Estonia, Latvia, Lithuania and Moldavia – which now claims complete independence. *All face battles with* their own minorities – most of which seek to remain part of the Soviet Union or of Russia – but the South Ossetian conflict in Georgia is the most acute.

Radical deputies said yesterday they might try to force dissolution of the Russian Federation parliament if it refused to create a directly-elected presidency and thus bolster the power of Mr Boris Yeltsin, the Russian leader, Reuter reports from Moscow.

The Democratic Russia group said it was determined a current special meeting of the Congress of People's Deputies should endorse the presidential post which was approved last month in a referendum but has been blocked by conservatives.

Fighting in South Ossetia has escalated since it unilaterally upgraded itself last December to an autonomous republic, only to be faced with the abolition of its official status as an autonomous region by the Georgian authorities.

Reports in the Soviet press and by the official Tass news agency have painted a *lurid* picture of a blockade of the South Ossetian capital Tskhinvali, constant firing at night on residential areas, 200 gravely wounded people in the small local hospital and a daily flow of 1,000 Ossetian refugees out of Georgia.

In a telegram to Mr Zviad Ghamsakurdia, the Georgian president, on Saturday, Mr Gorbachev called for measures to be taken "without delay to stop the bloodshed, put an end to the actions of the guerrillas, suppress their plans to seize and destroy settlements and to start negotiations".

Mr Gorbachev has so far *resisted calls from the South* Ossetians, the military and hardliners to impose presidential rule on the South Ossetian region. The *worsening* situation may now force his hand.

Mr Ghamsakurdia has begun the formation of an armed *national guard for the republic* and is appointing district prefects to take over from Communist party secretaries.

– *Last* week he called for immediate negotiations with Moscow on the withdrawal of Soviet troops, an application to enter the United Nations as an independent state and recognition of its status by the international community.

Bush rejects calls for US intervention in Iraq

By Peter Riddell, US Editor in Washington

THE Bush administration is sticking to its policy of refusing to intervene in the Iraqi civil war in spite of increasing reports of heavy casualties among the rebels and calls by leading Democrats for the US to shoot down helicopters attacking civilians.

The interim truce agreement between US and Iraqi military commanders four weeks ago specifically ruled out flights by fixed-wing combat aircraft – two of which have been shot down – but was ambiguous about the use of helicopters. The US has said it will only shoot down helicopters if they threaten allied forces occupying southern Iraq.

However, helicopters have been used to attack rebel groups within Iraq, prompting calls from both a number of prominent columnists and some congressmen for action by the US.

While generally backing the administration's non-interventionist policy, Senator George Mitchell, the Democratic majority leader, said he wished the US would enforce the original policy of not permitting any aircraft, fixed-wing or helicopters, to operate against the rebels.

He said the Iraqis had clearly gone far beyond the permitted exception of the ferrying of Iraqi government officials by helicopter within the country, so the administration's original policy should be enforced.

Similarly, Congressman Lee Hamilton, Democratic chairman of the House *sub-committee* on Europe and the Middle East, said the helicopters "are now creating a blood bath there" and should be stopped.

Both Senator Mitchell and Congressman Hamilton opposed Mr Bush's decision to go to war in mid-January. On being informed of the senator's views, the president dismissively remarked "always glad to have his opinion; glad to hear from him."

The current intention is that the US will pull its troops out of southern Iraq as soon as a formal United Nations ceasefire resolution is approved and a multinational peacekeeping force is in place.

The New York Times reported yesterday that the US army plans within two weeks to withdraw 20,000 of its 80,000 to 100,000 troops in southern Iraq, mainly armoured units. *US* Central Command in Riyadh said the bulk of the troops in Iraq would leave after the formal approval of the ceasefire.

So far 160,000 US troops have left the Gulf. There were 540,000 troops there when fighting ended in late February.

Reuter adds from Damascus: *Kurdish guerrillas* have complained that President Bush urged them to rebel against Saddam Hussein and then did nothing to help them.

The US decision to halt the ground offensive last month allowed Republican Guard units *to flee north with scores* of tanks and artillery pieces later used to crush internal dissent.

Diplomats in Damascus said President Bush had wanted to avoid being accused of interfering Iraq's internal affairs. "The *Europeans may* have sympathy for the Kurds but only the Americans could help them."

They said the US also feared instability in the region from a pro-Iran Shia state in southern Iraq, while Turkey, which has a large Kurdish minority, would not permit any nascent Kurdish state in northern Iraq.

Two US black Moslem sailors yesterday denied attempting to sabotage an aircraft carrier in support of Iraq during the Gulf war, writes Greg Hutchinson.

Airman apprentice Abdul Shaheed, 22, (pictured left) and seaman apprentice James Moss, 21, who face court martial, denied urging shipmates to take their *captain hostage and* to sabotage the USS Ranger's aircraft catapult.

The charges allege the two men "*attempted* to cause insubordination, disloyalty, mutiny or refusal of duty," doing so "in support of *Moslem* holy war *sponsored* by President Saddam Hussein against the United States".

At a news conference at the US Subic Bay naval base in the *Philippines Seaman Moss*, from Columbus, Ohio, said he had always opposed Saddam Hussein, Iraq and war in general. He had sought conscientious objector status before the charges had been laid.

Airman Shaheed, *from New York, said he* was being victimised for being a Moslem.

He said he was arrested while praying aboard the ship, which actively participated in Operation Desert Storm, the night the war *started* in January. "I am a quiet guy who likes to keep to myself and pray a lot...I never stopped *doing* my job and I did nothing but pray for a peaceful solution to the war."

"The only reason I am here before you today," Airman Shaheed told the media, "is because some people on my ship and I guess some back in the US preferred to think that *all Moslems are evil. They do not* understand Islam, and instead equate all Moslems with Saddam Hussein and his ruthless acts."

Saddam's army blasts Kurds' dreams to dust

By Tony Walker, Middle East Correspondent, in Nicosia and agencies

"THE *sectarian* sedition has breathed its last breath," Iraq's new prime minister, Mr Saadoun *Hammadi* said at the weekend after announcing that regular army units had retaken the oil town of Kirkuk and the key regional centres of Dohuk and Irbil.

Kurdish rebel leaders' claims that they are resisting the loy*alist onslaught* against their command posts sound increasingly forlorn.

Indeed, President Saddam's forces appear now to have reversed the greatest gains of the decades-long Kurdish rebellion – the capture of three major *cities* in the Kurdish homeland of northern Iraq.

The government proved its control over Iraq's third city, Kirkuk, by taking reporters on a tour of the battle-ravaged city.

Turkey's semi-official Anatolia news agency *reported that* government troops had recaptured the Habur border post. Habur, the only border crossing between the two countries, had been seized after intense fighting with Kurds who had held it for about two weeks.

From Tehran, the official Iraqi News Agency claimed loyalist troops yesterday seized control of Zakho, a town almost on the Turkish border. But there was *no independent* verification.

The Kurds, non-Arab Sunni Moslems who account for about 20 per cent of Iraq's 18m people, *took advantage* of the dissarray in Iraq after the Gulf war to press their longstanding demands for autonomy.

With the rout of the Iraqi *army in the south*, they swiftly seized control of a wide swathe of the north and occupied key towns such as Kirkuk, at the centre of Iraq's main oil-producing province, and Irbil and Dohuk.

But despite their determination to free their homeland the lightly armed guerrillas were no match for the tanks, artillery and helicopter gunships of the Iraqi army. Baghdad's onslaught against the Kurdish rebels in the north follows its bloody suppression of an uprising in the predominantly Shia Moslem southern region of Iraq in which many *thousands* were reported killed.

Iraqi Shia leaders say their insurrection is continuing, but they have switched to "hit-and-run" guerrilla tactics from bases in the countryside. It seems Shia rebels plan to avoid *pitched battles in* population centres where ruthless use of heavy armour and helicopters by regular troops killed many thousands of rebels and civilians.

Apparent loyalist successes in efforts to bring the southern and northern rebellions *under* a semblance of control may have given President Saddam a momentary breathing space, but his country remains bankrupt with much of its infrastructure destroyed.

The UN is maintaining sanctions against *Iraq until it* complies with tough ceasefire terms, and agrees to a share of its oil revenue being used to pay reparations to Kuwait and *other states* and individuals.

President Saddam despatched some of his closest associates to northern Iraq to oversee efforts to put down the Kurdish revolt. The relatively high profile of the Iraqi leadership in this latest crisis stands *in marked contrast to its per*formance during the Gulf war when it "disappeared" for days.

Kurdish leaders have expressed dismay over the failure of the US-led anti-Iraq coalition to come to their aid.

But the US seems committed to avoid involvement in Iraq's internal strife.

"We're not going to take a position," White House spokesman Marlin Fitzwater said last week. "You can find scenarios that say inaction helps the Kurds, helps the Shi'ites, helps Iran, helps Saddam, helps everybody. We simply aren't going to take a position."

● Egyptian President Hosni Mubarak said after meeting Syrian leader Hafez al-Assad yesterday that an international peace conference *on the Middle* East was essential but did not need to take place immediately.

Egypt and Syria have long been at odds *on the Arab-Is*raeli dispute, but a new-found rapport between Cairo and Damascus has been cemented by their membership of the US-*led coalition that* forced Iraq out of Kuwait.

President of Benin stands down

Benin's President Mathieu Kerekou has accepted defeat in elections, easing fear in the West African state that he might try to cling to power, Reuter reports from Cotonou.

Mr Kerekou, whose silence since his defeat provoked fear he might refuse to stand down, urged Beninese to back the new president, Nicephore *Soglo*.

Mr Kerekou took power in a 1972 coup. He is the first mainland African president voted out of office.

Imelda Marcos faces $350m suit

The Philippines will file up to seven criminal cases against the widow of former president Ferdinand Marcos to recover $350m from Swiss banks, Reuter reports from Manila.

The cases may involve fraudulent tax returns, unexplained wealth *accumulated* during the Marcoses' 20 years in power and alleged illegal funnelling of millions of dollars out of the country.

A Swiss court has said Manila must file criminal charges against Mrs Marcos as a condition for returning the Swiss bank deposits.

New Zealand cuts welfare benefits

New Zealand's conservative government cut unemployment and sickness benefits by up to a quarter yesterday, saying the jobless must be coaxed back to work, Reuter reports from Wellington.

The cuts have sparked protests, including from within the *ruling* National Party. Critics say there are no jobs to go to.

But Social Welfare Minister Jenny Shipley said too many were earning so much on the dole there was little incentive to seek work.

British Columbia premier to quit

British Columbia's scandal-plagued premier, a former flower bulb salesman who has compared himself to Jesus Christ, said on Good Friday he planned to resign, Reuter reports from Vancouver.

Bill Vander Zalm faces conflict-of-interest allegations over the *sale* of his Fantasy Garden World theme park.

Israel's new military chief

By Hugh Carnegy in Jerusalem

A FORMER commando with an arsenal of military and academic qualifications took over *as chief of staff of the Israeli* Defence Forces yesterday, a move that coincided with new government efforts to tighten security in the occupied territories.

Lt-Gen Ehud Barak, one of the IDF's most lionised officers, succeeded Lt-Gen Dan Shomron as chief of staff, the *most important post in Israel* after the prime minister, defence minister and foreign minister, at a critical juncture for the army.

It *continues* to *struggle* with the 40-month-old Palestinian uprising, or intifada, in the West Bank and Gaza Strip. The IDF is also contemplating the strategic implications of the Gulf war which saw the threat from Iraq dismantled, but dur*ing which Israel was attacked* by long-range surface-to-surface missiles for the first time.

Gen Barak, 49, comes, like many senior IDF officers, from the Kibbutz *movement*. His record includes war service as a tank commander and a spell as IDF intelligence chief. He is credited with participation in a number of spectacular commando missions, including directing the assassination in *Tunis in 1988 of Khalil al-Wa*zir, the Palestine Liberation Organisation's military chief. He has university degrees in physics, mathematics and systems analysis.

His most immediate problem will be the intifada, which *dominated Gen Shomron's five*-year tenure, occasionally causing friction between the IDF and the government as the army warned that force alone could not quell the unrest.

On Sunday, in an effort to curb a spate of stabbings of Israelis by Palestinians, the hardline government of Mr Yitzhak Shamir, agreed to expel Arabs believed to have incited violence, continue a policy of demolishing or sealing homes of those involved in violence and to toughen controls on Palestinians allowed to enter Israel.

One measure will be to *crackdown* on Israeli employers who hire Palestinians without work permits. This is likely *to* exacerbate economic hardship in the West Bank and Gaza as about two-thirds of the 110,000 Palestinians working in Israel are unlicensed.

هكذا من الأصل

INTERNATIONAL NEWS

Hurd seeks to revive relations with Peking

By Robert Mauthner, Diplomatic Correspondent

MR DOUGLAS HURD, British foreign secretary, is aiming to breathe new life into British-Chinese relations, half-stifled in an atmosphere of mutual suspicion since the violent suppression of pro-democracy demonstrations in Peking in 1989.

He is due to begin talks in Peking on Thursday with senior Chinese government officials, including foreign minister Qian Qichen, and Lu Ping, head of the Hong Kong and Macao affairs office in Peking.

Mr Hurd is anxious that the transfer to China of sovereignty over Hong Kong should occur in the best possible conditions.

The secretary's immediate aim is to reactivate the Joint Liaison Group, set up under the 1984 agreement between Britain and China as a forum for consultations on the transition of the colony to Chinese administration, from 1997.

Since the Tiananmen Square demonstrations in June 1989, the work of this group, which began in a constructive climate, has been sluggish, at best.

Yet a large number of problems, not least those related to the legal system of the Special Administrative Region – as Hong Kong is to become – remain to be sorted out before the hand-over.

Hurd: Trouble over a massive airport project and the prospect of a brain drain before China takes control of the Far Eastern colony

The construction of Hong Kong's new international airport – at an estimated cost of HK$100bn (£7.1bn), one of the world's largest infrastructure projects – is a particular bone of contention. The scale of the expenditure, of which no more than 40 to 50 per cent is due to come from the private sector, has led Peking to complain that Hong Kong's official reserves will be dangerously run down by the time it takes over.

The project now risks being delayed, given Peking's demands that the colony set aside some HK$50bn to ensure that its official reserves remain high until 1997.

Mr Hurd will argue, however, that the colony's economy is strong enough to allow both the necessary expenditure on the airport and maintenance of the reserves at a satisfactory level.

The foreign secretary will also have to overcome Peking's persistent suspicions, since the Tiananmen Square events, that Hong Kong is being used as a base for subversive political activities aimed against the Peking regime.

Peking has not recently repeated its attacks against the British government for having offered UK passports to about 50,000 heads of Chinese Hong Kong families. China fears this would lead to a brain drain from the colony, in that the total exodus involved in the initiative is estimated at up to 250,000 people.

However, Chinese officials might well return to this issue during the talks with the foreign secretary.

He is expected to repeat western demands that the Chinese government should respect human rights and allow more freedom of expression, but he will stress that Britain is anxious to resume more normal political and commercial relations with China. He will be able to point to Britain having been using its influence to this end in the European Community.

Malaysian GDP may slip to 8.3% this year

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA'S gross domestic product this year is expected to slip to 8.3 per cent after four years of rising economic growth which touched 10 per cent last year, according to Bank Negara, the central bank, in its annual report.

The bank expects that the economic momentum, touched off by a restructuring of the domestic production base, will carry through to this year though aggregate domestic demand has already slackened from 14.4 per cent in 1990 to 8 per cent in the 1991 forecast.

Excepting government consumption, which is expected to grow by 9.2 per cent because of higher defence expenditure, the growth in all other areas of aggregate demand is expected to weaken further. The changes will be most significant in private investment, expected to fall from 30.3 to 11.1 per cent, and in exports, from 16.6 to 8.5 per cent.

By sector, manufacturing and construction are expanding the fastest at, respectively, 12 per cent and 14.5 per cent in 1991 compared with 18.2 per cent and 16 per cent last year. Manufacturing overtook agriculture for the biggest share of the economy in 1987; this year it will account for 28 per cent of overall GDP.

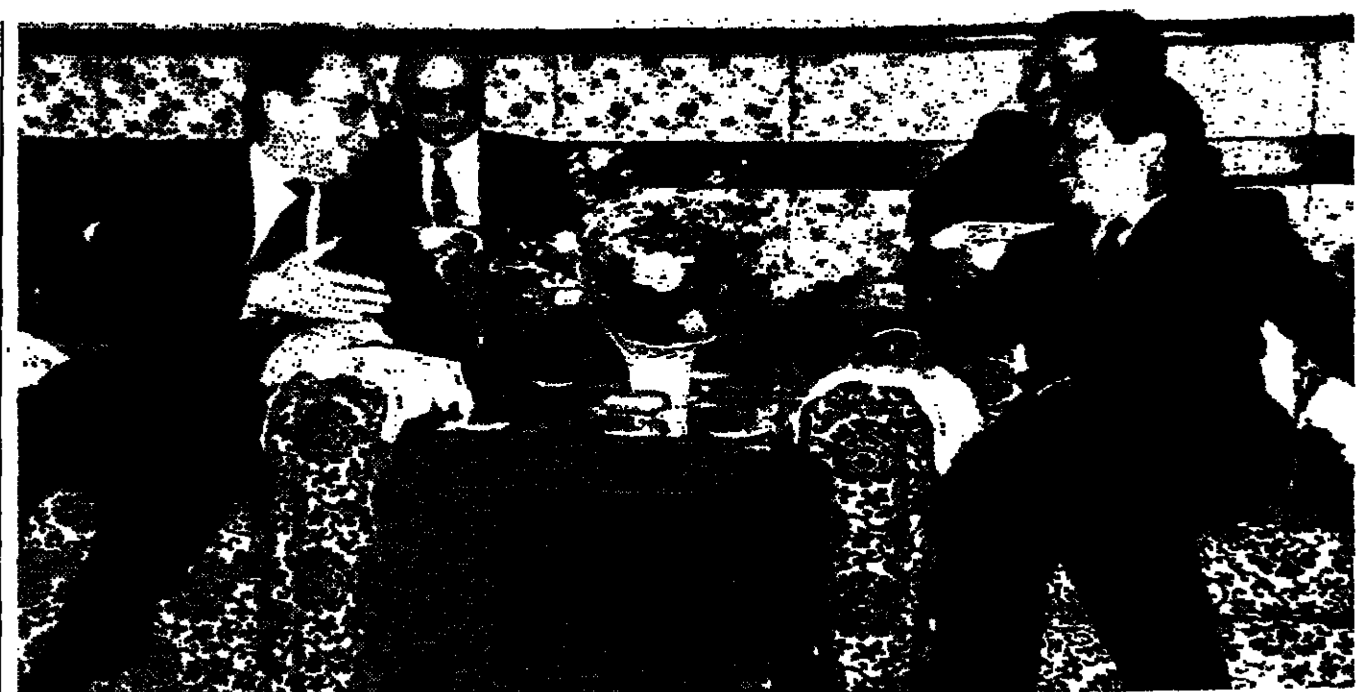
Gross national product in current prices stood at M$110.2bn ($40bn) in 1990, or M$6,202 per head, and expected to increase to M$122.2bn or M$6,716 per head.

Slower economic growth this year, it is hoped, will offer partial relief from price pressures with inflation at more than 6 per cent, according to independent estimates.

Monetary policy, the central bank said, is expected to tighten in gradual stages.

Malaysia's current account balance fell from a M$431m deficit in 1989 to M$4.7bn last year, after its merchandise surplus contracted 57 per cent to M$4.6bn.

However, large capital inflows, because of a higher foreign investment profile, lifted the country's overall balance of payments by 61 per cent to M$5.4bn.



Soviet foreign minister Alexander Bessmertnykh (left) and his Chinese counterpart Qian Qichen met yesterday to discuss plans for a visit to Moscow next month by the Chinese communist party secretary-general Jiang Zemin. In Peking, Chinese prime minister Li Peng said yesterday he believed that difficulties in the Soviet Union were only temporary, and that China was hoping stability would soon return. During their talks, Li told Bessmertnykh there was considerable potential for Sino-Soviet economic co-operation.

LDP takes initiative on Kurile Islands

Stefan Wagstyl on a dispute dogging bilateral relations since 1945

WITH only two weeks to go before Mr Mikhail Gorbachev makes his first trip to Japan, Japan's ruling LDP party is busy trying to persuade the Soviet president to settle a territorial dispute which has dogged bilateral relations since 1945.

The argument concerns the Kurile Islands, four islands off northern Japan seized by Soviet soldiers in 1945. Japan has insisted they must be returned before it signs a Second World War peace treaty with Moscow.

The official view of the Japanese government, including the Ministry for Foreign Affairs, is that all four islands must come back to Japan before Tokyo will extend economic aid to Moscow.

But – to the annoyance of some foreign ministry officials – LDP leaders have recently dropped strong hints that Japan's position is negotiable. Japan would accept two islands now, and two at a later date, say the LDP chiefs.

Independently of the foreign ministry, the party has also worked out a detailed package of aid proposals totalling Y3,000bn ($21bn). The money would include Y500bn in emergency loans for buying consumer goods and Y500bn in credits to cover the cost of moving Soviet troops stationed on the disputed territories.

The rest would come in the form of long- and medium-term loans and money for industrial development schemes, including projects aimed at exploiting the natural resources of the Soviet far east.

Mr Ichiro Ozawa, the LDP secretary general, visited Moscow last week to meet Mr Gorbachev, while Mr Alexander Bessmertnykh, the Soviet foreign minister, was in Japan over the weekend and met Mr Toshiki Kaifu, the Japanese prime minister.

Some Japanese commentators have made much of the fact that Mr Gorbachev has indicated that he is willing to discuss the territorial issue on his visit to Tokyo. Moscow's previous position was to deny that there was even anything to talk about. But, even on this point, progress could be ephemeral. A joint statement published in Tokyo this weekend by Mr Bessmertnykh and Mr Taro Nakayama, his Japanese counterpart, did not refer to the islands at all, only to the "difficulty" existing in bilateral relations.

Moreover, Mr Gorbachev has made clear he will not be bullied into premature concessions. He told Kyodo news agency this week: "If there are shifts in the Japanese position, co-operation will pick up. If there aren't any, we shall continue to live as we have been doing. We have proved that we can live without each other."

Mr Gorbachev is sufficiently tempted by the prospect of Japanese economic co-operation to have asked officials to prepare a list of large-scale projects suitable for Japanese investment. But giving away territory would be a high price to pay – partly because of the military importance of the islands as an advance post in the far east and partly because of the precedent it could set for those wishing to revise other sections of the Soviet Union's post-1945 borders.

Some Soviet citizens also feel that the islands are not Mr Gorbachev's to give away – including Mr Boris Yeltsin, the president of the Russian republic, whose territory includes the disputed territories.

The islanders themselves voted in a referendum last month to stay in the Soviet Union.

The head of Japan's ruling Liberal Democratic Party (LDP) told government and party leaders yesterday that US companies should be included in future economic cooperation projects between Japan and the Soviet Union, Reuter reports from Tokyo. Mr Ichiro Ozawa was quoted by party officials as saying Japan should invite US companies to participate in potential joint economic projects with the Soviet Union.

Hindu leaders urge support for temple at disputed site

HINDU religious leaders have called on their followers in India's general election next month to support the party committed to the building of a temple on the site of an historic Moslem mosque at Ayodhya, writes K.K. Sharma in New Delhi.

A resolution – adopted by a conclave of Hindu leaders just before a two-day "religious parliament" begins today before a huge rally in New Delhi on Thursday – in effect, condemns all national political parties and implicitly supports the Hindu revivalist Bharatiya Janata Party (BJP). This constitutes significant political support from Hindu religious leaders in a country where Hindus form nearly 85 per cent of the population.

The BJP last year led a movement for demolition of the mosque at Ayodhya town and the building of the temple to the Hindu God Ram on its site. The movement led to violence and communal tension and there are fears that the resolution could trigger similar events in the next few weeks.

The BJP toppled the National Front government led by Mr V. P. Singh last year when it withdrew support over the temple issue.

Khost garrison falls to rebels

RED CROSS workers arrived in Khost military garrison in south-east Afghanistan yesterday after a mujahideen military victory over the weekend ended 18 days of fighting, western diplomats in Islamabad said, writes Farhan Bokhari in Islamabad.

The report confirms that the military garrison has fallen into mujahideen hands, seen as a major military success and an important land victory for the rebels who have been fighting for Khost for almost 12 years against the Soviet-supported Afghan government.

Pakistan government sources said the fall of Khost could mark a turning point in the mujahideen struggle. However, there were conflicting views if this would strengthen their resolve to seek a military solution through intensifying their operations.

هكذا من الأصل

UK NEWS

Industry's costs rise as BT rings changes

Charges for directory inquiries are forcing some customers to rethink their phone use

BRITISH industry could face a £400m a year increase in costs from today unless it controls phone calls to British Telecom's directory inquiries service.

Only four years ago when BT's quality of service plumbed new depths it was often virtually impossible to reach the directory inquiries from within London. But the service was free of charge. From today BT will charge 44.5p for searching for two telephone numbers, with 90 per cent of calls answered within 15 seconds.

The tariff will put Britain close to the top of the international league table for national directory inquiry charges. In the most liberalised markets, where competition is most advanced, charges are about half BT's.

BT argues that many of these charges are cross-subsidised from higher prices charged for normal telephone calls. It says it will not make any money from the introduction of charges because prices for telephone calls, which earned BT £6.65bn last year, will fall by an offsetting 6 per cent.

About 75 per cent of BT's customers hardly use directory inquiries. The remaining quarter who are the intensive users of the inquiries service are also the most intensive users of the telephone, so they should be the main beneficiaries of lower call charges.

Yet, judging by the absence of frenzied preparations among companies and government departments, it seems likely that many organisations will be taken unawares by the change – which could lead to a significant increase in their telephone bills.

National Power, which is preparing for the change, estimates that without any offsetting action to control inquiries its telephone bill could rise by up to 10 per cent, by between £75,000 and £200,000.

There have been no moves so far in the big Whitehall departments to remind civil servants to use directory inquiries sparingly or not at all from next week. Some of the biggest are on the Mercury Communications network, which charges 58p for three inquiries.

Advertising agencies, which tend to be frenetic users of telephones, are unruffled by the charges. Ogilvy & Mather is typical of the larger London agencies, with 55 telephone lines and 506 extensions at its headquarters by the Strand. Even at a time when the recession is putting pressure on costs, Ogilvy does not see the new charge for directory enquiries as a problem.

The financial services sector is taking action. Staff at several large banks and building societies will have calls to directory enquiries barred from next week.

Lloyds Bank said directory enquiries would have to be made through the switchboard. Nationwide Building Society said it was doing the same but would be monitoring the number of inquiries made to see if a new call inquiry service should be introduced.

Several companies, including National Power and British Gas, are examining whether to install corporate directory inquiry services, using one of two systems supplied by BT. One system gives a company direct access to BT's central database to search for a number, while the other has transferred the information contained in the data base on to laser disks which can be read by a specially adapted computer.

ICI, the chemical company, expects its use of BT directory enquiries to decline rapidly. It is introducing disk systems at main switchboards.

David Barchard, Richard Evans, Clive Cookson, David Thomas, Alice Rawsthorn and Charles Leadbeater compiled this report.

Ashley Ashwood

FOR PATIENTS at Central Middlesex hospital, west London, it was very much business as usual. For the management, yesterday marked the start of possibly the biggest challenge in the National Health Service's 43-year history. The Central Middlesex was one of the hospitals that became self-governing trusts under which senior managers assume all responsibility for day-to-day administration.

Nurse Lynn O'Connor is pictured at the Central Middlesex with Margaret Hicks.

Revenue from NHS private care rises 19%

By Alan Pike, Social Affairs Correspondent

REVENUE FROM National Health Service private pay beds rose marginally faster than that of Britain's independent hospitals in 1989, a review says today. The figures suggest that NHS hospital managers may be planning tougher competition with the independent sector now government health reforms are in place.

Although private treatment in the NHS accounted for only 8 per cent of the £1.2bn spent on private acute healthcare in 1989, the latest edition of Laing's Review of Private Healthcare shows that the NHS's private income increased by 19 per cent.

"Whether this heralds an increasing future role for the NHS in private healthcare will depend on the perceived success of new, dedicated NHS pay bed units which have been developed in the last two years," the review says.

Under the government's reforms, individual NHS hospitals face pressure to maximise their income. Most of this will come via contracts from NHS health authorities and general practitioners.

In a statement welcoming the start of the reforms which came into effect yesterday, the Independent Healthcare Association accepted that they would mean "more competition for independent hospitals" from the NHS's pay beds and its new self-governing trust hospitals. However, it added, that NHS patients could now be funded for treatment in independent hospitals.

Laing's Review of Private Healthcare. Laing and Buisson, 46 Marquis Road, London NW1 9UB. £85

NEWS IN BRIEF

Lowndes Queensway refunds near

MORE THAN 25,000 customers of Lowndes Queensway, the furniture and carpets retailer which collapsed last August, are likely to receive refund cheques this week, writes Clay Harris.

Mr Jonathan Phillips of Price Waterhouse, the accountancy firm which administered a £15m insurance policy taken out by Lowndes' directors in January 1990, said: "The people who are getting cheques will be getting 100 per cent of their claim."

About 1,000 other customers will receive explanations of why their claims are still being processed.

Power contract

THE NEWLY-privatised South Wales Electricity has signed a five-year contract with BP Chemicals to buy surplus power from the chemicals company's Baglan Bay generators. The combined heat and power station can produce nearly five times the 20,000 kw needed by BP for its own processes. The deal means that South Wales Electricity can buy enough electricity from BP to supply 180,000 homes.

Banking costs fall

THE COST to foreign banks of operating in London has fallen for the first time since reguar annual reports began 10 years ago, according to the annual survey of banking costs by Noel Alexander Associates, the banking consultancy.

The cost of opening a medium-sized branch has fallen from £3.3m to £3.1m. Within this, the cost of renting 5,000 sq ft in the City is estimated to have fallen from £400,000 to £300,000.

Fabian industry call

THE FABIAN Society, the left-wing think-tank, has called in Targeting Competitive Industries, a pamphlet published today, for "a coherent and active industrial policy" to replace the Thatcherite "enterprise culture".

Targeting Competitive Industries, Fabian Society, 11 Dartmouth Street, London SW1H 9BN. £3.50.

New water charges

WATER COMPANIES will levy a charge on every bath, basin, and washing machine installed in new flats under a revised scheme introduced yesterday.

Developers claim that it could mean a 5,500 per cent increase in water connection costs for some housing projects which contain many flats.

Spirits sales down

SPIRITS SALES last year declined by more than 7m bottles. Provisional figures from the Wine and Spirit Association show that the brunt of the 2.1 per cent fall on 1989 sales was borne by whisky.

CBI sees company profits revival next year

By Peter Marsh, Economics Staff

COMPANY profits will fall this year by 15 per cent because of the recession but should recover by a similar amount in 1992, according to the Confederation of British Industry.

The CBI, in its half-yearly forecast for the UK economy, is much gloomier on the immediate outlook for company earnings than in its projection last November, when it said profits would fall in 1991 by less than 4 per cent.

Since then, many economists have judged that the recession will be deeper than had originally been predicted, although few believe it will be as harmful as the 1980-81 economic decline. The CBI believes profits will grow by 14.4 per cent in 1992.

According to the CBI, investment by manufacturing industry is likely to fall by 17 per cent in 1991, the biggest decline for 10 years.

In the CBI's November forecast, the likely investment decline was put at less than 6 per cent. Capital spending is likely to grow by 4.4 per cent in 1992, according to the employers' body.

The CBI, like the Treasury and many other private-sector forecasters, expects a slow recovery from the recession to begin this summer. It believes overall UK output will fall by nearly 2 per cent this year and rise by a similar amount in 1992.

The CBI is predicting a shallower economic decline than the Treasury in terms of consumer spending, with this number expected by the employers' body to fall by 0.7 per cent this year and increase by 1.8 per cent in 1992. In contrast, the Treasury is forecasting a 1.75 per cent fall in 1991, followed by an increase of just over 2 per cent in the following 12 months.

Seasonally adjusted unemployment will increase from about 2m in February to an average of 2.7m next year, says the CBI. In its November forecast, the CBI put this last figure at 2.1m. Unemployment is likely to reach 2.6m by the end of 1991.

Jobs will be lost in both the manufacturing and non-manufacturing parts of the economy in roughly equal measures, according to the CBI.

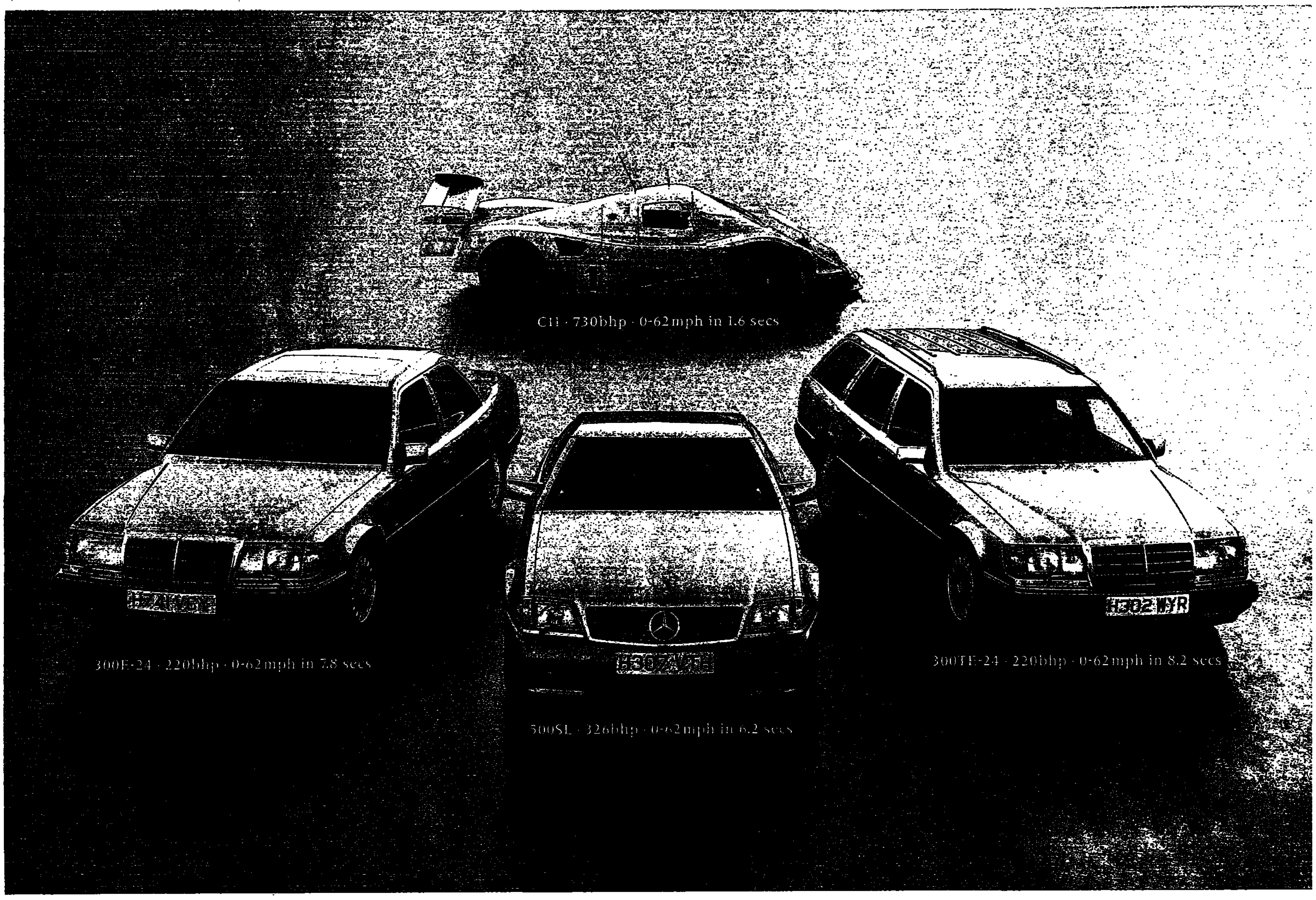
Employment, Page 12

UK ECONOMIC PROSPECTS

	1990		1991		1992	
	CBI	Treasury	CBI	Treasury	CBI	Treasury§
GDP	0.9	0.5	-1.9	-2	2.0	2
Manufacturing output	-0.5	-0.5	-6.1	-5	2.2	2.25
Fixed investment	-3.1	-1.75	-10.8	-9.75	4.0	1.25
of which man'fcturing	-5.5	na	-17.2	na	4.4	na
Consumer spending	1.9	1	-0.7	-1.75	1.8	2.25
General govt consumption	3.2	1.75	1.5	1.5	1.1	1.25
Exports	4.7	4.75	1.0	1	4.3	4.75
Imports	2.4	1.5	-2.3	-1.5	5.9	4.75
Current account (£bn)*	-12.8	-13	-6.7	-6	-7.5	-8
retail prices index (4Q)	10.0	10	4.1	4	3.9	3.75
Unemployment (m)	1.7	na	2.3	na	2.7	na
PSBR* (£bn)	-0.3	-0.75	7.6	8	13.6	12
Company profits	-5.6	na	-15.0	na	14.4	na

Note: All figures apply to year-on-year percentage increases except where stated. Treasury projections taken from Budget statement, March 19.

§ Forecasts apply to first half of 1992. * Financial year.



Advanced multi-valve engines. They run in the family.

Some engines. Some family. Four-valve-per-cylinder technology from Mercedes-Benz. And, as you'd expect from the current World Sports Car Champions, these multi-valve power-plants are special. As the engine revs vary, so does the valve timing – through automatic camshaft adjustment. This refinement keeps them working eagerly when most four-valve-per-cylinder engines are no longer on song.

Solving The Multi-Valve Riddle

For all its fashionable wizardry, four-valves-per-cylinder tends to produce a narrower power band than a conventional two-valve arrangement. To Mercedes-Benz, of course, this was more of a challenge than a limitation.

By electronically varying inlet timing, their multi-valve engines generate optimum cylinder charging at all engine speeds, so boosting torque much lower down the rev range. It's a solution that helped push the 730bhp twin-turbo Mercedes sports prototypes to emphatic wins in the 1989 and 1990 World Sports Car Championships.

It's a development you'll also find in the 326bhp version of the 5.0-litre V8 powering the 500SL sports convertible, and in the 220bhp 3.0-litre six in the 300SL-24 sports car, 300E-24 mid-size saloon, 300CE-24 coupe and 300TE-24 estate.

Every car in the family also has unique electro-mechanical engine management that functions flawlessly even if there's an electrical fault – a versatility that is beyond a purely electronic system. (But, if ever a fault of any kind does develop, as a Mercedes driver you'll enjoy the unparalleled back-up services of the Mercedes-Benz dealer network, including the European-wide Touring Guarantee.)

Matching Handling To Power

The multi-valve Mercedes road cars (including the compact 204bhp 190E 2.5-16) are performance machines in the widest sense of the word. To their highly advanced engines add equally crisp suspension and steering systems (either standard or Sportline). They control and direct the power with great assuredness. You can also add Sportline seating; and ABS brakes are standard, of course.

So you'll be travelling safely as well as swiftly – no matter which member of the multi-valve family you decide to run with.

WORLD SPORTS CAR
1989 · CHAMPIONS · 1990

ENGINEERED LIKE NO OTHER CAR IN THE WORLD

Tories to widen inner-city pledges in manifesto

By Alison Smith

AN EXTENSION of competitive bidding to win government grants for urban projects is set to form an important part of Conservative manifesto plans to regenerate inner cities.

The aim is to reinforce the party's commitment to inner cities, which have not revived as much as expected after the 1987 election night pledge by Mrs Margaret Thatcher that they would be a priority.

The first element of competitive bidding was announced by Mr Michael Heseltine, the environment secretary, in Manchester earlier this month.

He said then that groups applying for funds under the £261m Urban Programme would have to compete to prove that their proposed schemes showed enterprise and vision.

Ministers believe that this principle could also ensure more effective use of available funds.

One approach under consideration is to reserve a "top slice" of the different grants for award to the schemes likely to have the greatest economic, social and environmental impact. The result is likely to be that fewer, but larger, proposals will receive help.

More than £1bn is being spent in programmes to help training and small companies, and just over £900,000 is earmarked for inner-city housing initiatives.

The move is likely to be presented within a general restructuring and simplification of the inner-cities programme.

Ministers are concerned that much of the £4bn in grants is being dissipated as it is spread too thinly among too many projects.

The change of emphasis is Mr Heseltine's attempt to reinvigorate the Tory approach to inner cities that he championed during his first four years as environment secretary from 1979.

Despite the Action for Cities launch three years ago and the changes made to channel more funds through government projects rather than through local authorities, the inner-cities programme has suffered from the view that it has been the focus of many inter-departmental battles.

Unions told of risk to pension fund surpluses

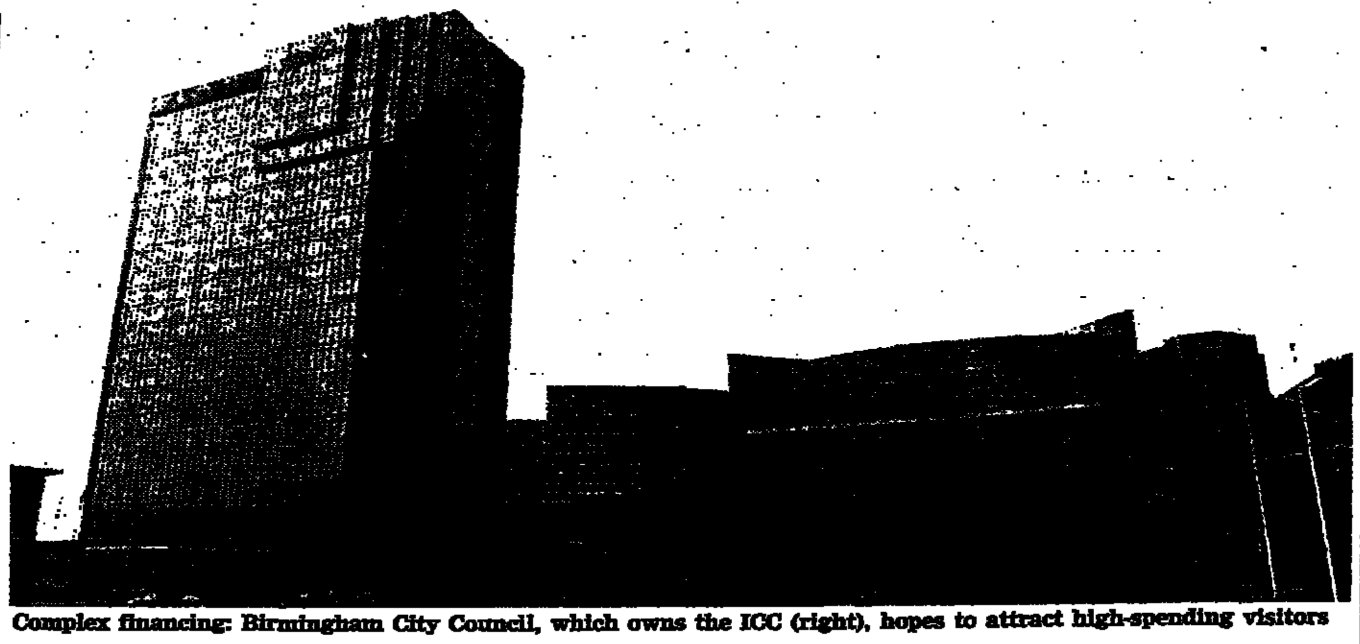
By Barry Riley

OCCUPATIONAL pension fund surpluses have begun to fall significantly, and could be wiped out within two years, according to a report circulated to trade unions.

Union Pension Services, which advises unions on pension fund matters, has introduced the monthly UPS Surplus Index to measure the influences on scheme surpluses and indicate the underlying trends between actuarial valuations, which typically take place every three years. It calculates that the index rose strongly during the 1980s but may have reached a long-term peak last September.

The index is influenced mainly by the rate of growth of company dividends and employee earnings. Dividend growth has recently slowed sharply, but earnings have decelerated only slightly.

Mr Bryn Davies, the actuary who devised the index, said that all schemes faced the risk that wages would catching up with dividends. "If this were to happen now, the surpluses which still exist could disappear as quickly as they first arose at the beginning of the 1980s," he warned.



Complex financing: Birmingham City Council, which owns the ICC (right), hopes to attract high-spending visitors

Birmingham's £160m convention centre open

By Paul Cheeseright, Midlands Correspondent

THE £160m International Convention Centre (ICC) in Birmingham opens today when 2,500 delegates from the British Small Animal Veterinary Association gather for their annual conference.

Owned by Birmingham City Council, the ICC and the adjacent National Indoor Arena are likely to be the last important capital projects undertaken by a local authority under the present system of local-government financing. Treasury constraints on council borrowing rule out civic projects on a similar scale.

The National Indoor Arena, a sports stadium, will cost £51m and open next October.

Birmingham City Council financed the development of the ICC with a £40m grant from the European Regional Development Fund and loans guaranteed on the security of the National Exhibition Centre (NEC), which it also owns.

The city council does not expect the ICC to offset its capital costs from profits, and it is expected to run an operating deficit in its early years.

The NEC, by contrast, is recouping its capital cost from earnings. The centre opened in 1976 and has made profits after debt servicing charges since 1980-81. It contributed £7.5m to the Birmingham general rate fund in 1989-90, although the contribution for 1990-91 is expected to be lower. Profits from the NEC will go towards offsetting the costs of the ICC.

Mr Roger Burton, Birmingham's city treasurer, said convention centres did not make money directly, but that financial benefits came from visitors spending money in the region.

Leaders emerge in market for electricity

By Juliet Sychrava

EAST Midlands Electricity, Southern Electric and Yorkshire Electricity have emerged as the three leading regional companies in the electricity supply business.

Those three won the most large customers in the recent round of negotiations between electricity suppliers and consumers.

Competition was tough, as customers taking more than 1MW of electricity could choose to buy electricity from any one of the 12 regional companies, or directly from the two generators.

But most regional companies were unaggressive in their pursuit of large customers – "supine", one regional company supply manager said.

Apart from Manweb, which has a policy of concentrating on the distribution side of its business, they did not appear to have clear strategies for their supply business, another industry commentator said.

But Midlands Electricity, which lost only about 1 per cent of its business, mainly to PowerGen, signed about 200 customers on a new pool-linked contract, which ties customers into the pool, or spot price of electricity.

Most companies lost customers to PowerGen, which was active in the market. Unlike National Power, PowerGen still has some way to go before it reaches the maximum percentage market share in each region it is allowed by the electricity regulator. PowerGen won more market share in the north than in the south, partly because southern customers tend to be smaller, which makes them less attractive to the large generators.

Southern Electric said it was pleased with the results of the contract negotiations. Not only did it win back its contract with London's Heathrow airport, which had switched to Seeboard last year, but it won a number of national contracts, notably from Debenhams and Associated British Foods. It also gained a significant percentage of the business of Pirelli and Unigate.

Altogether, Southern won 95 new customers, and regained seven. It lost about eight. The pricing of contracts in the current round of negotiations was competitive, industry sources said. Some contracts were based on forecast electricity prices as much as 18 per cent below the so-called Horton price of 2.4p, around which the industry was restructured.

The more active regional companies were also offering competitively low prices.

New trains for Oxford approved

By Richard Tomkins, Transport Correspondent

BRITISH RAIL has won government approval to spend £50m on new trains for the Thames line between London Paddington and Oxford.

They will be a longer-distance version of the Network Turbo trains about to enter service on the suburban routes from Paddington to Reading and from Marylebone to Aylesbury, High Wycombe and Banbury.

The trains will be built at York by BREL, the privatised rolling stock manufacturer once owned by BR. Delivery is expected to begin in 18 months.

The order consists of 59 coaches for Network South-East's London to Oxford route and six for Regional Railways' services between London and Hereford.

Power will be provided by underfloor diesel engines, and the 90mph trains will be air-conditioned.

The order is part of a £160m modernisation of the Thames line.

UK NEWS

Labour confident of a welcome in the Welsh valleys

Anthony Moreton predicts that there will be no surprises from this week's by-election in the former mining town of Neath

NEATH, the former mining town in south Wales, is a constituency where Labour enjoys one of its biggest majorities, but it is taking no chances over this Thursday's by-election.

In an effort to ensure there is no threat to its 20,578 general election majority, Labour has wheeled out its big guns. Shadow cabinet members Mr Robin Cook, Mr Jack Straw, Mrs Anne Taylor, Mr Gordon Brown, Mr Michael Meacher and Mr John Smith have all put in an appearance in this industrial town in the Welsh valleys. Mr Neil Kinnock, the Labour leader, has also been there.

It is not as though Labour is fielding a political *ingénu* who needs this level of support. The 41-year-old Mr Peter Hain, a seasoned anti-apartheid and civil rights campaigner and one-time Young Liberal, honed on election battles in London, must be one of the Labour party's best-known names outside parliament.

Labour may be fighting the election as though it were a marginal seat, but there is little chance the party will be beaten in this part of Wales.

Neath has been a safe Labour seat since 1922. Ten years later Labour won control of the local council, and the party has not surrendered either.

Peter Hain: one of Labour's best-known names outside parliament *Picture by Glyn Genin*

Neath is old-style Labour territory. However, Mr Henry Purcell, Conservative deputy area agent for Wales, says he has been in politics long enough to know anything can happen. A few weeks ago the Ribble Valley by-election proved the truth of that when a safe Conservative majority was overturned by the Liberal Democrats. But this is not rural Lancashire and that is unlikely to happen in Wales given the political climate with the polls running towards Labour.

The Conservative candidate, Mr Nigel Evans, must know this. A London teacher and a former London councillor, he has a Welsh name but has to go back a couple of generations to establish anything firmer.

Mr Evans's task is to fight off the Liberal Democrats and Plaid Cymru, the Welsh nationalists, for second place. The nationalists have never been a potent force in Neath, even though a third of the electors can speak Welsh, but the Liberal Democrats are a more serious challenge.

In 1987 the Conservatives were only 902 votes ahead of the then SDP-Liberal Alliance, which had come second in the 1983 election, almost 2,000 ahead of the Conservatives.

Mr Evans has had support from Mr David Hunt, the Welsh secretary, and Mr Chris Patten, Conservative party chairman, has put in an appearance, but the Tories are not banking on much success.

Neath is an unwavering Labour seat, but economically it is a very different place from even a decade ago. Coal, steel, aluminium, metal manufacturing and various "dirty" industries have all but disappeared – the last pit closed last year – and the town has found it difficult to attract alternative employers.

Small industrial estates have been built, but most of the big employers are outside the town. They include British Steel at Port Talbot, a BP refinery at Llandarcy and a BP chemical works at Baglan.

The proximity of these big employers has helped mitigate the worst effects of unemployment, which is not much higher than the Welsh average, because they are near enough to see Neath as part of their catchment area.

Further up the industrial valleys, even fewer new companies are to be found despite derelict land clearance schemes and the small estates. Cam Gears, at Resolven, employing over 900, is a beacon, before, at the top end of the constituency, the traveller runs into the real Beacons, the Brecon Beacons national park.

The Tories and Liberal Democrats both hope to do well here, though it is Mr Hain who has made the running on the one local issue to surface – British Coal's attempt to extend opencast operations in the area.

One factor uniting the main contestants is rugby. Neath, known as the Welsh All Blacks, has the best team in Wales and both Mr Hain and Mr Evans appear to have suddenly discovered an interest in the game. Three days after the poll, Neath play the more nationalistically-minded team from Llanelli in the semi-final of the Welsh cup.

Right now that game is generating more interest in the town than anything the politicians get up to. The only difference is that the result is less predictable.

Institute says Bank should be independent

By Peter Marsh, Economics Staff

AN INDEPENDENT Bank of England has been proposed by the Institute of Economic Affairs, a free-market pressure group.

In a paper published yesterday, the institute also says the governor of an independent Bank should take over responsibility for UK monetary policy from the chancellor.

A contract would tie the governor's salary to a target inflation rate.

The governor would be sacked after his first five-year term if the target was not met. If the target was reached in the first term, but not in the second, the governor's pay would be cut by half.

The institute has been influenced by legislation in New Zealand which two years ago set up an independent central bank. It says an autonomous Bank of England could be created by inserting a simple clause in the forthcoming Finance Act.

Giving Independence to the Bank of England: the Example of New Zealand. Institute of Economic Affairs, 2 Lord North St, London SW1P 3LB.

Imports of contaminated beef on sale, warns report

By David Blackwell

IMPORTED beef contaminated with banned sex hormones and growth drugs is reaching British consumers, according to a report in Farmers Weekly magazine.

The report claims that imported beef, which accounts *for 20 per cent of the UK market*, is not subjected to the same rigorous tests as UK beef. British farmers are banned from using drugs to boost production.

The magazine says that farmers and meat companies in continental Europe and the Republic of Ireland – a principal source of UK beef imports – openly use such drugs. It adds that many consumers have needed hospital treatment. The EC is conducting an emergency investigation because of the scale of drug *abuse*.

The magazine concludes that only the UK, Germany and the Netherlands carry out thorough drug monitoring. "Other countries lack the technology, the scientists and the will to stamp out illegal drugs," says the report.

LEGAL NOTICES

MR R E J LAWN T/A CISCO'S, CISCO'S BORDERLANDS AND MOBY DICKS

Nature of business: Restaurants and Theme Bars.
Trade classification: 48/49
Date of appointment of L.P.A. receivers: 20 March 1991
Name of person appointing the L.P.A. receivers: Midland Bank Plc
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS
L.P.A. Receivers
(office holder nos 249 and 814) of Cork Gully
43 Temple Row
Birmingham
B2 5JT

Erostin Developments (Romford) Limited

Registered number: 2383930
Nature of business: Building Developers
Trade classification: Construction
Date of appointment of joint administrative receivers: 19 March 1991
Name of person appointing the joint administrative receivers: J. Henry Schroder Wagg & Co. Limited
Michael Anthony Jordan (Office Holder 2172)
Christopher John Hughes (Office Holder 2041)
Joint Administrative Receivers, of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ

ANNOUNCEMENTS

Mr N P Bushnell and Miss A S Wallington.

The marriage took place on March 30, at The Church of Christ the King, Chatham, Kent of Mr Nicholas Patrick Bushnell and Miss Alison Sarah Wallington.

CLUBS

EDUCATION CONFERENCE

Teachers' union advises against boycott of tests

By Andrew Jack

THE NATIONAL Union of Teachers (NUT) yesterday advised its members not to boycott school tests before a meeting of the union's executive in two weeks. It was responding to a vote to shun new assessment tests for seven-year-olds.

Mr Doug McAvoy, general secretary, said he was sending a message to primary schools saying: "Don't do anything that puts you at risk".

He said schools would receive a memorandum from the executive by next Monday, but that any decision on boycotting standard assessment tests would have to wait until after the executive met on April 10.

Mr McAvoy's statement came on the third day of the union's annual conference at Scarborough, north-east England. The conference has brought teachers into conflict with their employers and the government.

In one of the most controversial moves of the conference so far, delegates defied the moderate executive committee on Saturday and voted in support of a boycott of the new Standard Assessment Tests.

The vote reflects teachers' concerns about the usefulness of testing children at such an early stage in school, as well as the additional uncompensated time required to administer and mark the tests.

The conference also voted on Sunday in favour of possible strike action unless the government restores teachers' negotiating rights, which have been suspended since 1987. There was criticism of the government's decision to centralise the financing of education.

Gordon Green: warned against government intervention

Mr Gordon Green, a member of the NUT executive committee, said central government intervention would only turn teachers into civil servants.

The strike and boycott decisions sparked criticism from the government and opposition, as well as condemnation from within education.

Mr Stephen Byers, on behalf of teachers' employers, warned that teachers who boycotted the tests were in breach of contract and might have pay docked as well as face disciplinary action.

Mr Tim Eggar, education minister, said that any form of industrial action would be "unfair to children, parents and the vast majority of teachers".

● Educational economies in the 1980s may have deprived Britain of a golden opportunity to prepare for 1992, it was claimed yesterday at the annual conference of the National Association of Schoolmasters and Union of Women Teachers (NASUWT), Lisa Wood adds.

According to one delegate at the conference in Bournemouth, southern England, the percentage of gross domestic product spent on education rose in the UK until 1974, when it reached its highest level of 6.5 per cent. By 1985, it had fallen to 4.8 per cent. If the Tories followed policy document suggestions, then this would fall to only 4.2 per cent by 1992, she said.

Small retailers are squeezed by 2.5% increase in VAT

By Louise Hidalgo

MANY retailers are adopting a wait-and-see approach to the 2.5 per cent rise in Value Added Tax (VAT), the tax on goods and services, that came into effect yesterday.

Some of the shops which opened yesterday in order to draw Easter-holiday shoppers had not changed price tickets to include the tax increase from 15 to 17.5 per cent, and several had signs advertising the fact.

While many large multiples are undecided whether they will be able to pass on the costs of the increase to customers because of the competitive conditions on the high street, small independent stores know they have little choice.

The owner of a delicatessen in south London expressed the fears of many: "Our margins are so small, rents are increasing so steeply and the uniform business rate is so onerous that not to pass on the cost to the consumer would be to cut our own throat."

In the short term, however, many are deciding to bear the cost of the VAT increase themselves rather than undergo the expensive upheaval of repricing existing stock, and are waiting until new stocks arrive to put up prices.

The tax increase has caused annoyance and worry among retailers by imposing an additional burden in the midst of one of their worst trading periods for a decade.

Cigarette sales are already down by 20-30 per cent since the budget, according to several newsagents, and are likely to continue falling once the VAT increase is added. Electrical items are also beginning to feel the cold hand of recession.

"Trade is so bad at the moment, we fear this could be the last straw for our business," said one independent electrical retailer yesterday as he looked at his crowded shelves and empty shop.

Small items, priced below the £5, £10 or £15 barrier, are a particularly thorny problem for the independent retailer.

Many are still undecided whether to break the psychological threshold of the £9.99 price, or bear the cost themselves.

The Majestic Wine chain is having to offset the cost of keeping the price of its most popular products below the price barrier - and increasing other price-sensitive products by only 1 or 1.5 per cent - out of its own pocket.

"If we put up prices across sensitive barriers, it can change our sales so dramatically we would have to reverse our purchasing patterns altogether," said Majestic's buying and marketing director, Mr Tony Eastwood.

Other small retailers are still waiting for suppliers to notify them of their new tariffs before putting up prices themselves. "It's mayhem for us as well as the public," said one wine merchant.

● Gateway, the multiple food retailer, yesterday implemented a pay deal that will give teenage workers an immediate rise of 5 per cent compared with an increase for adults of 8.7 per cent. A further flat-rate increase will be made next January.

The split pay rise follows a lower increase for shoe retail workers aged 19 to 21 than for adults, and indicates a slackening in the upward pressure on youth wage rates during the late 1980s.

هكذا من الأصل

MANAGEMENT

Norman has the wrong number

Small businesses rather than yuppies will be hit hardest by the Chancellor's Budget decision to tax mobile phones, according to a survey carried out by Nokia Mobile Phones (UK), a manufacturer.

Two out of three cellphone users work in companies employing 20 or fewer people. The highest numbers are in the construction sector followed by manufacturing and transport, the survey showed. Nokia questioned more than 220 recent subscribers to its cellular network before the announcement of the new tax.

In his Budget announcement on March 19 Norman Lamont announced the introduction of a standard income tax charge on the private use of mobile telephones. Directors and employees will pay tax on a standard amount of £200 a year. (Sole traders, however, will not be liable for the tax when using their own phones.) The Inland Revenue expects to raise £10m in 1991/92 and £30m in a full year.

According to the survey, the typical cellphone user is male, aged between 35 and 44 and working in a small company. His interests are likely to be DIY and sport. "This hardly tallies with the stereotype of brash young men in the City," says Nigel Litchfield, managing director.

The Freight Transport Association also added its voice to the protests. Tony Stanton, association president, said in-cab phones played a real part in maintaining efficiency for lorry drivers and executives with schedules to meet. Good communications save wasted journeys, time and fuel, he added.

The Forum of Private Business, a lobby group, said those worst affected by the tax on mobile phones were the very small businesses singled out for help elsewhere in the Budget. The mobile phone tax and, more significantly, the increase in tax on company cars, will swallow up all the concessions made by the Chancellor to small firms, the forum claims.

Charles Batchelor

Charles Batchelor on the benefits of joint action

Clubbing together to combat crime

Alan Harper

Andrew Warren: in the first year of crime prevention, theft fell from seven cases to two

In the space of just 12 months AJ Industrial Blasting and Paints suffered 12 break-ins at its factory on the North Lynn Industrial Estate in Kings Lynn, Norfolk. "There were four burglaries in three weeks," recalls Adrian Wagg, managing director. "They ransacked the office; stole sweets from the canteen, tools, equipment, anything they could get their hands on."

"Crime on the estate was just getting worse," says Inspector Malcolm Brown of the Norfolk police. "There were so many break-ins and acts of vandalism and damage that industrialists were on the verge of leaving. The council could not sell any more land around there. We were fighting a losing battle."

In desperation Wagg told the local media he planned to sit in overnight in his factory with a shotgun. The resultant publicity drew the attention of the council and the other 40 tenants on the estate and prompted the police to rethink their approach. Meetings were held and in 1986 a crime reduction association was set up.

The association arranged for overgrown wasteland on the estate to be cleared, for the fragile asbestos cladding on many of the factory units to be replaced and for the street lighting to be improved. Closed-circuit television cameras, linked to a control room set up in a spare room in one of the larger factories, were installed.

"Crime on the estate stopped completely," says Brown. "We had no crime at all in the first year although since then there have been more than 60 arrests made as a result of the television cameras. The cameras even caught one company director climbing in to his own premises after he had mislaid his keys.

"There was nothing very clever about it. This sort of cover has always been available to major companies but the little ones could not afford it. They thought there was nothing they could do but put up with crime."

A growing number of small businesses and of the organisations which represent them are also coming to the conclusion that they do not just have to put up with effects of crime. Collective action of the sort taken at North Lynn is becoming increasingly popular.

Walsall Chamber of Commerce, for example, is working on a plan to increase the effectiveness of existing crime prevention measures in the town by the appointment of a full-time co-ordinator of crime reduction activity. "We see an emerging role for the business community to reduce crime," says Jeff Marlow, the chamber's policy executive.

A further measure of the growing awareness of the impact of crime on business is the inclusion by the Home Office in Crime Prevention Week – starting on April 15 – of a day devoted to Business and Crime. This will include the launch by the CBI and Crime Concern, a government-backed crime prevention group, of a kit designed to allow small businesses to audit their exposure to crime.

Eliminating the costs of crime across business in the UK would be the equivalent of putting another £10 a week into every employee's pocket, according to a study* carried out by the CBI and Crime Concern. The loss from crime averages 2 per cent of sales in the retail sector and 4 per cent in manufacturing and can tip the balance between viability and failure, the study noted.

The indirect consequences of crime on businesses and local economies can also be significant. Businesses may find it difficult to recruit or retain staff if they do not feel safe at work or on the journey there while businesses will not move into areas where they perceive a high risk of crime.

But persuading small businesses to pay out extra for crime prevention can be an uphill task. Businessmen and women feel that their rates bills should cover the cost of policing. Yet they are expected to pay out still more on security precautions by their insurance companies, says Stan Mendham, chief executive of the Forum of Private Business, a lobby group.

The North Lynn initiative took place on an estate owned by West Norfolk Council which made a sizeable contribution – reluctantly, according to Adrian Wagg – to the cost of setting up the scheme. A similar initiative on Meridian Business Park in Leicester has been established without the help of local authority finance though it has had the backing of the company, Wilson Bowden Properties, which owns the estate.

When the Meridian scheme started in August 1989 the business park was just being established and it did not have a serious crime problem. But the 22 businesses on the park decided to take preventative action. Television cameras were installed, linked into the central control room of a large distribution company on the park which already had its own security system. Notices were posted prominently warning that cameras were in operation and the landscaping of the site was designed with security in mind.

Membership of the crime prevention association has since risen to 30 and there are plans to extend it to take in all 40 companies which are now based on the park. The present membership pay a total of £29,000 a year to maintain the security system.

The association decided to charge members on the basis of the square footage of their factories rather than on rateable value or number of employees. Businesses with up to 10,000 sq. ft pay £15 a week; those with up to 50,000 sq. ft £30 and those with more than 50,000 sq. ft £45.

In its first year the scheme led to a fall in cases of criminal damage from three to none and of thefts from seven to two.

The crime prevention association meets twice a year to discuss developments with the local planning officer and the police. An unexpected benefit has been that companies on the park are now much better informed about local planning developments which might affect their business, says Andrew Warren, acting chairman of the association.

Both the North Lynn and Meridian initiatives illustrate the importance of gaining sufficient commitment and financial support from businesses, the police, the local authority and private sector owners of the property. Both schemes covered clearly defined geographical areas.

Establishing a security scheme to cover small businesses in the centre of North Shields in Tyne & Wear proved less successful, however. The North Shields scheme was launched by the local Chamber of Trade and Commerce with financial backing from the Tyne & Wear City Action Team (CAT).

The scheme, which involved the employment of uniformed guards provided by a security company, was successful in reducing crime but folded on March 8 after three months because of lack of funds. The 50-plus small traders involved were unable to increase their weekly contribution of £10 when CAT funding ended and large local retailers could not be persuaded to join, says Ian Mackay, an insurance broker and treasurer of the chamber.

Only two large companies were prepared to contribute. Most large local retailers fronted a pedestrian arcade and had their own security arrangements, explains Mackay. Ironically the scheme was intended to prevent large retailers from pulling out of the town because of the high crime rate.

Co-operative crime reduction initiatives are only part of the answer to the problem of business crime because, statistics suggest, much business crime – theft and fraud – is committed by employees rather than by outsiders. But if the conditions are right small businesses can jointly create a level of security which was previously only available to the larger corporation.

**Crime – Managing The Business Risk. From CBI, Tel 071-379 7400. £10 to non-members.*

Managers thinking of a buy-out should...

By Charles Batchelor

For managers thinking of staging a management buy-out, the present recession, far from reducing their options, provides greater opportunities.

Companies are more willing than ever to dispose of unwanted activities while venture capitalists have ample funds for backing the smaller, moderately priced deal.

In a recession change happens rapidly; new ideas are generated and the failure of older, weaker businesses provides openings for the bold entrepreneur.

A check-list on how managers should go about staging a buy-out has been drawn up by Grosvenor Venture Managers,* which manages £60m of funds and has investments in 50 UK companies.

- Managers must have a serious desire to make money, not just a wish for an easier life or a desire to save their jobs.
- The business must be basically profitable: that is, making profits after head office charges and interest have been excluded.
- The business must have a strong cash flow which is capable of supporting it in the early days and of making a start with the debt repayments.
- The managers must be ruthless about disposing of non-productive assets to reduce debt.
- The managers must invest enough of their own money to encourage them to get out of debt as soon as possible. But debt must not account for too much of the purchase price.
- The management structure must reflect the needs of the business, not the relative financial input of each of the managers.
- The managers and the venture capitalists involved must share a common approach and common objectives.
- The managers must not pay too much for the company. Often managers devote a lot of time to discussing the agreement with their backers and not nearly enough in negotiating the price with the vendor.

**Commerce House, 2-6 Bath Road, Slough, Berkshire SL1 3RZ. Tel. 0753 811812.*

In brief...

■ Smaller companies without their own export department or experience of selling overseas may find it useful to turn to a specialist export manager. These organisations, variously known as export traders, export merchants, buying houses or confirming houses which have their own network of contacts abroad.

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Full details of each company are provided together with listings according to the product interest, geographical coverage and range of services provided.

The Directory of Export Buyers in the UK. From British Exporters Association, 16 Dartmouth Street, London SW1H 9BL. Tel 071-222 5419. £55.

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The participants have at least Ecu120m (£83m) to invest while further investors are being sought from other European countries.

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FRANCHISING

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In addition to those businesses seeking to expand through franchising this survey will be of particular interest to many FT readers considering starting their own business. To advertise your opportunity or related service to this audience, please contact Gavin Bishop on 071 873 4874 or fax 071 873 3064.

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THE BUSINESS SECTION ALSO APPEARS ON PAGE 25

ARTS

The case of the mysterious Joos

Patricia Morison visits the Pavillon de Flore at the Louvre to discover more

It is always an arresting moment when we realise that there, looking out at us from the midst of a sacred drama, stands the artist. Was it from vanity or piety that Joos van Cleve, Antwerp master of the first half of the 16th century, so often put himself in the picture? A characteristically bold variation on a theme is his "Last Supper", a key work in *Joos Van Cleve at the Louvre* which is at the Louvre's Pavillon de Flore until 27 May. Last on the left, the artist is waiting on the apostles, refreshing a wineglass as he looks at us with a slight scowl on his undistinguished, middle-aged features.

The Louvre exhibition is the latest in the "dossier" series of modest shows with a strong scholarly angle. In the case of the mysterious Joos the object is to explore his artistic development and his pictorial sources. Nine works by Joos have been taken from French public collections and exhibited with paintings and prints by artists who influenced him, most notably Gérard David and Joachim Patenir, and works by his followers. Unfortunately, the scholarly argument is conducted by means of ill-lit panels hung somewhere around mid-thigh, with tiny text and a mass of black-and-white photographs. If that seems rather penitential, the catalogue is reasonably priced at Ff.100.

Who, then, was Joos? He was a forgotten artist until a century ago when German art-historians married up an artist known as the Master of the Death of Mary with Joos van Cleve, who according to the guild records died in 1540. Briefly, he was court-portraitist to François I of France and created a memorable image of that monarch's elegantly foxy features. Henry VIII also commissioned a portrait from Joos, although it was probably painted at long range in Antwerp. (How well Joos flattered his bloated English patron you can see at the current exhibition *Henry VIII, Images of a Tudor King* at Hampton Court until April 14.)

With royal patrons and commissions from as far afield as Italy, no doubt Joos enjoyed the prosperous life-style of other master-painters in this rich city. In the 16th century the status of the artist had risen quite high enough for us to see Joos's role as wine-waiter in the "Last Supper" as a statement of personal humility rather than social fact.

Joos is a slightly chilly artist and on the whole his religious scenes, with their deep backgrounds of bluish landscapes, lack a certain charm. However, this exhibition clearly shows Joos's importance in bringing Italian themes into northern painting. Prints and perhaps tapestries inspired him to break with convention, for it seems Joos never actually went to Italy. In the Louvre "Lamentation", for example, painted around 1520 for a merchant in Genoa, Joos showed the dead Christ in a gracefully foreshortened pose which he took from a print after Andrea del Sarto. For the first time in northern art, the mourners weep over a Saviour who is limply elegant in death. Perhaps to make sure that worshippers continued to feel to the full the grimness of Golgotha, Joos placed on the winding-sheet a prominent *memento mori*, Adam's skull and crossed bones.

The fascinating "Last Supper" was the predella which went beneath this "Lamentation", Joos again broke with the past. Instead of placing his apostles around a dinner-table in a room bustling with servants and dogs, he followed Leonardo da Vinci in placing the apostles along one side of the table. Not that there is much that is Leonardesque in the mood of this frieze of animated figures against a black background, cut off at the waist by a table strewn with violas. And here Joos put himself, a northerner who many never have crossed the Alps in the flesh but at least he sent himself south in image, potato-nosed and unabashed.

★

Les Repentirs, which runs until June 17, exhibits a selection of 50 drawings in which we see artists from Leonardo to Picasso "repenting". A *repentir* is an 18th-century French term for a drawing in which an artist has second thoughts. The theme of the show, rather over-emphatically proclaimed around the walls, is that through such mis-shots we can come particularly close to the creative process. And it is true, as the hand of the artist creates a maze of lines taking him from one solution to another, sometimes crudely pasting on a flap of paper to let him flip about, head to the left, head to the right.

The effects, of course, are often bizarre, as in Primaticcio's three-legged man, and yet there is often beauty in the monstrous armies of hydra-headed, many-armed figures.

Adam by Joos van Cleve

Love's Labour's Lost

BARBICAN THEATRE

After an absence of several months, the Royal Shakespeare Company has made a joyous return to its London residence with its *Love's Labour's Lost* first performed in Stratford last August. A short notice would read simply: Welcome Back! It is hard to see why *LLL* should have been regarded for nearly three centuries as Shakespeare's weakest play, though that is what scholar after scholar attests. The truth is that it is better seen than read. The piece has one weakness for a contemporary audience: it contains a number of passages that may have been hilariously and bitingly topical when the play was written but are now rooted in an obscurity which defies elucidation.

There is also a reservation: it needs to be performed with enormous style. That is not a problem for the RSC which has come up with one of its most polished productions at every level: lighting, set, costumes, acting and use of music.

Nothing is out of place. The dress is Edwardian, the setting is beautifully, bucolically rural, though with civilisation never far away: there is a touch of a Glyndebourne picnic near the end. The production, directed by Terry Hands, has shades of Glyndebourne, too. *LLL* is a very musical, stylised play. Perhaps the biggest compliment one can pay it is that it has Shakespeare written all over it. Practically every scene and every character will remind you of something that Shakespeare developed later. But that does not mean *LLL* is immature. On the contrary, everything hangs together.

Amid such praise, it is hard to give everyone their due. In no particular order of merit, note the splendid playing of the King of Navarre by Simon Russell Beale. Beale is an actor who manages to get himself into all sorts of shapes, sometimes bandy-legged, sometimes not. At other times, he moves with great dignity. Note also the ensemble playing by the ladies of the French court. Occasionally they even manage to out-act the men. Amanda Roote is a superbly mischievous Rosaline.

Never take your eyes off the set where the colours change subtly as the play goes on. The Barbican stage is big enough to allow plenty of action, hiding behind bushes, climbing trees and general romping. The space is used to the full.

The play is not without its sadder moments: for example, the departure of Holofernes, the pedantic school master, with the words "This is not generous, not gentle, not humble" when his pageant is not taken seriously. That is well done by David Troughton. The production also manages to arouse an unusual frisson when the messenger announces the death of the King of France.

Holofernes has a line "*Video et gaudeo*" – I see and I rejoice. Although some of the obscurer passages might have been cut, that is an entirely appropriate comment on the show.

Malcolm Rutherford

Karlos

SCHAUSPIELHAUS, DORTMUND

Karlos was the mad hunchback son of Spain's Philip II who was groomed to be Emperor of the World and died from an overdose of partridge paté aged 23. For centuries, he has haunted dramatists: he was a model for Calderon, Schiller idealised him in *Don Carlos* and now Tankred Dorst casts him as modern tragic hero.

Dorst's *Karlos* was written last year and since its Munich premiere theatres up and down Germany have been queuing to have a go. It's a gob-stopping volley of a play: bold staccato dialogue fired like gunshots, a full-blown emotional assault that at times becomes unbearably intense. Arthur Miller, Dostoyevsky come to mind.

The background to *Karlos* is the unholy alliance between Spanish state and Inquisition in the 16th century. Catholic iconography drips through every one of Guido Huonder's scenes: the rich sweet claustrophobia of his church setting, the dignitaries in black and red robes, the noiseless nuns-cum-stagehands, praying in the wings when they're not moving an altar or "Pieta", Heinrich Huber's jagged *Requiem* composed for the Dortmund production.

In this court of ritual and appearances, Karlos unleashes persecution fantasies, tantrums, abuse. In a moment of cabaret farce, he reveals one of Philip's worthies as a man-size Great Dane (Jorg Diener) held on a chain, groaning and grunting under the same constraints as everyone else.

Tolerated until he turns intriguer, Karlos is then out-deluded: he may continue meeting his pals but the Inquisitor substitutes doubles for the real grandees. As facts and his perceptions are driven further apart, he is rendered harmless but quite insane.

A gallery of grotesques to begin with, Huonder's sumptuous court gradually turns into a horror chamber as Karlos' last links with reality are cut. Steely King Philip (Claus Dieter Clausnitzer) pops up with unmoving plastic eyes bulging out of his sockets. There's a bald pregnant whore (Christl Weibhoff) whose misshapen breasts, crowned with pink satin teats, droop to her stomach. The cook (Jurgen Mikol) offering the fateful paté is doubled up and encased in a ruff three times his size.

Dummies whizz past, Dorst has his playwright's joke – both we and Karlos witness not historical personages but actors playing them – and then twists the allegorical knife. Who's playing whom anyway?

If Dorst is sometimes too clever for his own good, this production pulls him back into sheer good theatre, and Huonder has a genius for crowd scenes. There are moving parallels between Karlos' desperation ("I am the God of my decisions") and Philip's panic ("But me! Here I am in reality!"). By contrast Hartmut Standke's intellectual El Greco Inquisitor ("I am the Governor of an empty Heaven") coolly plays at power, metaphysics or God.

Ines Burckhardt was Huonder's Hamlet in an earlier Dortmund production and he brings to Karlos the same complex of neuroses: Oedipus and ghosts, death wishes and mad sexuality, imagination and idealism which challenge the status quo. Burckhardt has a lithe serpent body and a pale fragile face, like a Commedia dell'arte mask, that never stops moving, quivering, babbling, giggling, sobbing. By the fourth hour, Dorst is repeating himself, but you could happily watch Burckhardt all night long.

Jackie Wullschlager

Doktor Faust

LEIPZIG OPERA HOUSE

Leipzig's music institutions played a pivotal role in the downfall of the old order in east Germany. Now they must help build the new. The city of Bach, Wagner and Mendelssohn has been hit as hard as any by the collapse of the east German economy, with its sore effect on cultural subsidies and audience figures.

No-one has any illusions about the task that lies ahead. But there are already signs of a new spirit at the Leipzig Opera House, where Udo Zimmermann – with a daring mixture of idealism and pragmatism – has transformed morale and standards in his first year as intendant. *Doktor Faust* is the evidence. Busoni's operatic testament – a highly ambiguous and unconventional piece of music theatre, as the 1986 ENO production proved – presents a major challenge for even the best-equipped of companies. But this Leipzig production, using Antony Beaumont's realisation of Busoni's incomplete ending, turned out to be an unqualified triumph.

It had several in-built advantages: the majestic sound and unforced musicianship of the Gewandhaus Orchestra in the pit; a woody resonance in the large, accommodating Opera House auditorium to project Busoni's warm colouristic effects; and a conductor, Georg Schmöhe, capable of bringing symphonic coherence to this style-less music, with its exotic expanses of polyphonic other-worldliness. Another asset was the powerful Leipzig chorus, which articulates and moves with single-minded coordination.

But performances of *Doktor Faust* generally stand or fall by the quality of the staging. Willy Decker's achievement was to find a simple theatrical metaphor for Faust's intellectual journey towards death and re-birth. The decor and costumes (Wolfgang Gussmann and Götz Fischer) steered clear of naturalistic images or any specific time-setting. Faust finds himself in the first scene in a cavernous black space, with mathematical equations chalked up over the walls representing the limits of his own rational thinking. In the course of the evening, as Faust progressively discards reason and reaches a higher level of consciousness, the stage becomes suffused with light from a shimmering blue background.

Within this highly-stylised framework, the staging drove home the dramatic contrasts between each tableau. The Parma scene, for example, was choreographed with surreal, slow-motion splendour around a vast white table-platform, the guests and wedding couple in futuristic yellow uniform and Mephistopheles acting as ring-master. The cathedral and inn scenes were equally incisive, thanks to Decker's virtuoso handling of the male chorus.

And throughout the evening, the acting of the principals showed concentration and purpose. In the novelty-seeking world of German opera production, it is a relief to be able to salute a production illuminated by such clear, imaginative and economical ideas.

In the casting, too, Leipzig proved exceptionally fortunate. Faust was sung by Tomas Möwes, a young member of the ensemble who replaced an indisposed Roland Hermann. By any standard it was an outstanding performance. Möwes is tall, well-built and a commanding actor. He possesses a dark, handsome baritone which carries well. He has stamina – his final two monologues were delivered at full thrust. He is a major find.

Mephistopheles, a podgy figure in grey coat and trilby, was Horst Hiestermann, Germany's leading character tenor. Lia Frey-Rabine, an American soprano who has probably been tackling too much heavy repertoire for her own good, sang the thankless part of the Duchess of Parma. The smaller roles suggested the Leipzig ensemble is uncommonly well-stocked. With Ligeti's *Grand Macabre*, a promising *Elektra* and the world premiere of a full-length opera by Jörg Herchet already announced for next season, Leipzig is back on the operatic map.

Andrew Clark

Deszö Rankí

WIGMORE HALL

Taking the place of the late Walter Klien on Saturday, Rankí offered Mozart playing of a high order. Highly personal, insofar as his piano-sound is individual and unmistakeable; but not "personal" at all in the sense of boasting quirks or tics. Well, just one: in moments of intensity – and much of his Mozart was remarkably intense – his stressful inhaling and exhaling could be heard at the back of the hall. (He must be hard to record.) That hardly counted as a distraction, given the unyielding grip of his performances.

With Rankí, two Mozart sonatas in each half of the recital didn't seem short measure. His touch was deceptively soft at the outset, in the G major Sonata K. 283; indeed, even in strong *forte* later one was made to forget that the piano is a percussion instrument. For Mozart he prefers a firmly constrained dynamic range, without extremes at either end, but so richly and subtly graded as never to suggest the patronising music-box effect we often hear. Certainly there was no want of power in the dark A minor Sonata, K. 310 (in which the Presto finale had an eerie half-voice urgency), nor in the big "concerto"-style B-flat Sonata, K. 333.

Like Homero Francesch, whom we heard on Wednesday, Rankí is bracingly strict about rhythm; but unlike him, the pulse is not treated as something upon which the music is fitted – rather, it seems generated from *within* the music. That is a great difference. And Rankí's chief concession to the modern instrument was to allow himself a generous but extremely refined use of the damper-pedal: with it, he achieved a lovely, glowing clarity in every kind of texture, whether spare or full of notes, and everything sang.

Each sonata had its own precise stamp of character (the one not so far mentioned was K. 311 in D, a performance of delectable charm), but in capturing their musical variety Rankí disdained any pianistic "effects". Passionately committed musicianship was sufficient for him, and for all this music. A thoroughly rewarding evening.

David Murray

Royal premiere of Zeffirelli's 'Hamlet'

The premiere of Franco Zeffirelli's film version of *Hamlet*, starring Mel Gibson and Glenn Close with Paul Scofield, Alan Bates, Ian Holm and Violet Bonham-Carter, takes place on Thursday April 18 at the Odeon Haymarket in the presence of the Duchess of York.

The screening is a benefit for the Shakespeare Globe Trust.

Maria McKee

TOWN & COUNTRY

Though the highly coiffured, soft-focus portraits adorning the publicity for her first album 18 months ago would have had you believe otherwise, there is nothing remotely wistful or wishy-washy about Maria McKee. She began at the top, heading up the band Lone Justice, supporting U2 on a world tour, and finding that the great and the good – Dylan, Tom Petty, Robbie Robberston – were queuing round the block to write songs for her. Yet her solo venture never created the waves confidently predicted, perhaps because everyone then had had just enough of solo female singers, and probably because McKee was too hard to categorise unthinkingly – not a country singer or a folkie, or an out-and-out rocker.

But as her show at the Town & Country demonstrated, she remains a bit of all of those, and much more than the sum of the parts. She still appears with the keyboards player from Lone Justice, Bruce Brody, and on the current tour is backed by the Dublin band Moby Dick. The presentation is distinctly unpretentious, and not at all soft focus: McKee wears everyday dungarees, plays acoustic guitars and keyboards and fights a constant losing battle against her hair; there's little showbiz, just a succession of hard driven songs, and not a mention of an album to promote all evening.

Most of all there's her voice, combining a country singer's knack for delivering a telling lyric with a fierce, steely edge, and capable at times of the most extraordinary delicacy, wrapping itself around a delicate piece of verbal imagery in a way that would not disgrace Joni Mitchell. Yet she's at her most exciting when moving up several gears, and generating great waves of energy, roaring away over the top of a tight, lean sound.

Her raw material is less convincing though; despite all those VIP writers she is still looking for some really memorable songs.

Rock music still expects its singers to write their own material as well, and McKee seems to be at her best squeezing every ounce out of other people's. Yet it doesn't stop her putting on the kind of act that many of her peers would find hard to match.

Andrew Clements

Walcott wins W.H. Smith award

The West Indian poet Derek Walcott has won the 1991 W.H. Smith Annual Literary Award for his epic work, *Omeros*.

The £10,000 prize was accepted on his behalf by his publishers, Faber and Faber, at a lunch at the South Bank Centre.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ BERLIN

MUSIC

Komische Oper 20.00 Harry Kupfer's production of Gluck's Orfeo with Jochen Kowalski in title role, sung in German. Tomorrow: Felsenstein's long-running production of Offenbach's Barbe-Bleue. Thurs: Romeo and Juliet. Fri: Giustino. Sat: Boheme. Sun: Figaro (2292 555)
Deutsche Oper 19.30 Stefan Soltesz conducts Der fliegende Hollander with Jose van Dam in title role and Luana DeVol as Senta, also Fri. Tomorrow: Sinopoli conducts Macbeth. (3410 249)

THEATRE

This week's repertory includes Brecht's The Good Person of Sezchuan and Heiner Muller's Germania Tod in Berlin at the Berliner Ensemble (2827 712); Lessing's Nathan the Wise, Schiller's Maria Stuart and Kleist's The Broken Jug at the Deutsches Theater (2871 225); Ibsen's John Gabriel Borkman and G B Shaw's Heartbreak House at the Kammerspiele (2871 226); and The Comedy of Errors and Moliere's Le malade imaginaire at the Volksbuhne (2082 748). In the western part of the city the Schaubuhne (890023) is presenting Peter Stein's production of The Cherry Orchard and Luc Bondy's production of The Winter's Tale, while the Schiller Theater (3195 236) has Schiller's The Robbers and Thomas Brasch's modern adaptation of the Romeo and Juliet story, Liebe Macht Tod

■ BRUSSELS

Monnaie 20.00 Kent Nagano conducts Peter Sellars' production of The Death of Klinghoffer, new opera by John Adams. This is the last performance in Brussels: the production transfers to Lyon for five performances between April 13 and 21 (219 6341)

■ FRANKFURT

Alte Oper 20.00 A Chorus Line, original Broadway version of the musical. Runs till Sun (1340 400)
Weissfrauenkirche 20.00 Members of the Frankfurt Opera ensemble present a concert of music by Mozart, Debussy and others. The Frankfurt Opera re-opens on Sat with Die Zauberflote (236061)

■ GENEVA

Grand Theatre 20.00 Jeffrey Tate conducts Kurt Wilhelm's production of Intermezzo, with Inga Nielsen as Christina. Also Thurs and Sat (212311)

■ LONDON

MUSIC

Royal Festival Hall 19.30 Klaus Tennstedt conducts the London Philharmonic in a Czech programme, including Dvorak's Eighth Symphony and Janacek's Sinfonietta. Tomorrow: Academy of St Martin-in-the-Fields. Thurs: National Youth Orchestra plays The Rite of Spring. Fri: Rattle conducts the CBSO. Sat: Kurt Masur conducts the London Philharmonic (928 8800)
Barbican Centre 19.45 John Williams plays guitar concertos by Rodriguez and Patrick Gower, with Royal Philharmonic Orchestra conducted by Charles Groves. Fri: Groves conducts Vaughan Williams' Fifth Symphony. Sat: James Judd conducts the Halle (638 8891)

THEATRE

This week's shows include Royal Shakespeare Company production of Much Ado About Nothing, directed by Bill Alexander (Barbican). The Last Days of Don Juan, Nick Dear's hard-edged comic version of Tirso de Molina's bawdy morality play (The Pit), Invisible Friends, Alan Ayckbourn's play for all the family (National), The Shape of the Table, David Edgar's witty play about the collapse of an Eastern bloc government (National) and Rick's Bar Casablanca, a new play based on the Bergman/Bogart film classic (Whitehall). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MILAN

Teatro alla Scala 20.00 Revival of Lamberto Puggelli's production of Adriana Lecouvreur conducted by Gianandrea Gavazzeni, with Mirella Freni in title role, also Thurs, Sat and Sun. Tomorrow in Teatro Lirico: last performance of Hans Werner Henze's latest opera Das verratene Meer (7200 3744)

■ MUNICH

Staatsoper 19.00 Donato Renzetti conducts Ponnelle production of L'Italiana in Algeri, with cast led by Lucia Valentini-Terrani, Simone Alaimo and Frank Lopardo, also Sat. Tomorrow: Nutcracker. Thurs: Sawallisch conducts Mathis der maler. Fri: ballet triple bill. Sun: Il barbiere di Seviglia (221316)

■ NEW YORK

MUSIC

Avery Fisher Hall 20.00 Piano recital by Andre Watts, with music by Schubert, Chopin and Ravel. Tomorrow: Bruno Leonardo Gelber plays Rakhmaninov's Third Piano Concerto with Orchestre National de Lyon conducted by Emmanuel Krivine (874 2424)
Carnegie Hall 20.00 Riccardo Muti conducts concert performance of Tosca, with Philadelphia Orchestra and a cast led by Carol Vaness, Giuseppe Giacomini and Giorgio Zancanaro. Thurs: Pinchas Zukerman conducts English Chamber Orchestra. Fri: Tokyo Metropolitan Symphony Orchestra (247 7800)
Metropolitan Opera 18.30 James Levine conducts Otto Schenk's new production of Parsifal, with Placido Domingo in title role and Jessye Norman as Kundry. Tomorrow and Sat: I Puritani. Thurs: Tosca with Teresa Stratas and Neil Shicoff. Fri: Figaro (362 6000)

THEATRE

This week's shows include the musical Miss Saigon, a transfer of Nicholas Hytner's acclaimed London West End production starring Jonathan Pryce and Lea Salonga (Broadway Theater), Candida, G B Shaw's play about a suburban London matron who must choose between her husband and an 18-year old poet (Playhouse 91), Larry Gelbart's City of Angels, a combination of musical comedy and thriller (Virginia) and Mule Bone, long-lost Harlem renaissance comedy about southern black society (Ethel Barrymore). Ticketron (246 0102) answers inquiries and sells tickets

■ PARIS

DANCE

Palais Garnier 19.30 Opera Ballet in Nijinska/Nijinski programme of four ballets, with music by Poulenc, Debussy and Stravinsky. Runs till April 13 (4742 5371)

MUSIC

TMP-Chatelet 19.00 Song recital by Dimitri Hvorostovsky, first of this week's recitals by international prize-winners, with programme including extracts from operas by Bellini, Verdi and Handel, and songs by Rakhmaninov, Scarlatti and Carissimi. Tomorrow: Marc Coppey, cello. Thurs: Ekaterina Skanavi, piano. Fri: Vadim Repin, violin (4028 2840)
Theatre des Champs-Elysees 18.30 Jean-Philippe Audoli accompanied by Jean-Louis Haguenauer plays Mozart violin sonatas. Tomorrow Beata Halska plays a similar programme. Thurs: Erich Leinsdorf conducts the Orchestre National de France (4720 3637)

THEATRE

This week's repertory includes Strindberg's The Father and Gildas Bourdet's production of Moliere's Le Malade imaginaire at the Comedie Francaise (4366 4360); and The Duchess of Malfi at the Theatre de la Ville directed by Matthias Langhoff (4274 2277)

■ VIENNA

This week's events - tonight: Lehar's Der Graf von Luxemburg at the Volksoper. Tomorrow: recital by Marjana Lipovsek at the Konzerthaus and a concert by the Gustav Mahler Jugendorchester at the Musikvereinsaal, with Berlioz's Symphonie Fantastique conducted by Serge Baudo. Thurs: Charles Dutoit conducts the Vienna Symphony Orchestra at the Musikvereinsaal, with Rudolf Buchbinder soloist in Beethoven's Fifth Piano Concerto (repeated Fri, Sat and Sun), and Barbara Moser gives a piano recital at the Konzerthaus. Fri: Eva Marton sings Tosca at the Staatsoper. Sat: Vladimir Atlantov sings Canio in Cav and Pag at the Staatsoper. Sun: Rene Kollo sings Lohengrin

■ WASHINGTON

Kennedy Center Concert Hall 19.00 Richard Hickox conducts National Symphony Orchestra in Mozart's Mass in C minor and Clarinet Concerto, soloist Richard Stolzman. Tomorrow: Mitsuko Uchida plays Mozart. Thurs, Fri and Sat: Lorin Maazel conducts Chausson, Sibelius and Beethoven (467 4600)
Kennedy Center Opera House 20.00 Dance Theater of Harlem. Runs till Sun (467 1600)

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(all times CET)

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CNN
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0800-0830 Moneyline
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1900-1930 World Business This Week
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Superchannel
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Compensating for apartheid

SOON the last legislative remnants of apartheid will be removed from South Africa's statute books. But the legacy of apartheid will remain with black South Africans for years, and nowhere is black anger greater than the issue of land reform, which is currently being debated in parliament.

Oversimplified, black South Africans believe their land was stolen from them by whites – who reply that their forbears settled and developed land which was previously unoccupied. Pretoria's solution is to suggest that blacks forget the past. "In the interest of peace and progress," says the government's white paper, "the present situation should be accepted." In four short sentences, one of the most emotive issues in South African society is simply brushed aside; restitution of land is ruled out.

Pretoria should think again. For while no one would suggest that it is desirable to adjudicate land claims arising from obscure battles between Boers and tribesmen long ago, South Africa's recent history of mass evictions and forced removals is well-documented. In the past 30 years alone, some 3.5m blacks have been evicted from their land by force, part of Pretoria's policy of removing so-called "black spots" from white South Africa. Government officials insist all were compensated for their loss; but the gift of a plot of land in a distant and unfamiliar part of the country (where provided) could not compensate for the loss of tribal land, homes, schools and farm animals.

Not surprisingly, the government blanches at the thought of restoring land to those evicted. Australia, Canada and the US avoided satisfying their indigenous populations, it is argued; why should white South Africa do more?

Tensions exacerbated

The answer lies in self-interest, if not in justice. Reaching and maintaining a constitutional settlement is linked to economic issues. The causes of the latest upsurge of violence in black townships are complex, but tensions are undoubtedly exacerbated by poverty and the frustrations of a generation of rural migrants deprived of their roots. A land redistribution programme would help defuse black anger, create jobs, and help black leaders "sell" a new constitution to their followers.

Such a programme was a critical factor in the Lancaster House negotiations which brought about Zimbabwe's independence. The scheme, funded in part by Britain, protected the rights of the mainly white commercial farmers while going some way to meet peasant demand for more land.

Had the government proposed a comparable scheme, and sought international help, it might well have won a sympathetic response. Perhaps fearful of right-wing opinion, however, Pretoria has ducked the issue. Black South Africans are asked to trust chiefly to market forces to redress imbalance in land ownership: whites (14 per cent of the population), own 87 per cent of all land; white farmers have an average holding of 1,700 hectares, of which 286 hectares is arable, while blacks' average holding is 13 hectares, of which only 0.9 hectares is arable. White farmers receive about 50 times as much financial and other assistance as their black counterparts.

Welcome step

Under the proposed legislation, the 189 laws and 15,000 regulations which enforced these inequities will be abolished. That is a welcome step towards the creation of a society where race does not constrain opportunity.

But equality of opportunity – equal rights to purchase property, equal access to the South African Land Bank, equal provision of extension services – will not be enough to lift black South Africa out of poverty. The white paper proposes some affirmative action to redress imbalances, but it is limited. Under 0.5m hectares of land is identified for resettlement by black farmers, compared with the 85m hectares currently owned by 60,000 white farmers. Property rights are to be upgraded for some 300,000 urban families immediately, with a further 1m to be upgraded soon. Prospects for agreement on a new constitution would improve if Pretoria were to acknowledge that much more needs to be done.

Women, work and equality

ONE OF England's dottier recreations is to spend the first half of the first day of April playing practical jokes. Thus, yesterday, listeners to BBC News were told of plans to make a popular radio disc jockey Britain's first minister of rock. The French, who already have such a minister, may not consider this a wholly original joke, but they would surely find it typically British in its mockery of the colourful, symbolic political gesture.

So, the Labour party cannot be surprised at the sneers which greeted its recent pledge to create a ministry for women. Mr Kenneth Baker, the home secretary, once said such a ministry would do as much for women as Orwell's ministry of truth did for the facts.

In reality, a Cabinet minister charged with responsibility for women's questions could offer Labour what management consultants call a "change champion" and might not be altogether a bad thing. It would certainly not, however, be a good idea to build the kind of ministry Labour has in mind, with a network of regional offices, perhaps as many as 300 officials and endless opportunity for confusing overlap with the Equal Opportunities Commission.

But the more important charge to be made against Labour's document is that it fails to get to grips with the policy issue of greatest concern to most women – childcare – although it does argue strongly the case for tightening up Britain's equal pay laws. Last November, the EOC called for wide-ranging reform in these laws and yesterday the Confederation of British Industry published its response.

Expensive promises

It is easy to see why Labour should wish to duck on childcare. Although Britain's childcare provision is among the poorest in the European community, any major extension of state facilities must compete with demands from other deserving points in the education spectrum. And anyway, Labour cannot afford expensive promises.

Meanwhile the government does little – apart from a nod in the direction of tax-incentives for workplace nurseries. Recent cuts by Midland Bank, one of the most energetic pioneers of workplace childcare, demonstrates the limits of these private sector-led arrangements, especially in a recession. What is needed is a serious evaluation of the educational and financial considerations in favour of extended state funding for childcare – whether through tax incentives, direct provision or some other mechanism.

That women are still far from workplace equality is beyond doubt. Although Britain has a high female participation rate in its labour force, it also has a stubborn gap between women's and men's earnings. In 1983, the average hourly pay of women was 74 per cent of the male rate; last year it had risen to 77 per cent.

Hostile response

This advance is one piece of evidence offered by the CBI for a generally hostile response to the EOC case. The commission wants a large number of procedural changes, including a requirement that successful equal pay claims be applied to relevant groups of employees; for greater expertise in and powers for industrial tribunals; and for consideration of important cases by a higher body than an industrial tribunal.

The CBI agrees that cases need to be speeded up – the average takes 17 months – and that more expertise is needed, but says most of the commission's ideas would lead to lengthier procedures and possibly to renewed fears of "an avalanche of claims".

So far, there has been no such avalanche. Since 1983, when Britain was dragged by European law into amending its laws to require equal pay for work of equal value, there have been only 117 cases, of which 19 were won by the claimant.

Nobody should overstate the importance of equal opportunities law in narrowing the pay and opportunities gap between men and women, but there is a strong case now not only for simplifying and clarifying the law, but for making it easier for groups of women to deploy it. That surely, after all, was the law's original intent.

As the Training and Enterprise Councils network prepares to expand, **John Gapper** and **Lisa Wood** express a note of caution

Conceived in good times, born in bad

They trooped into Methodist Central Hall like the ghosts of recession past. These were skilled workers, the craftsmen and technicians who only a few months ago were among the most powerful employees in the British labour market. Now 10,800 of them face redundancy from British Aerospace. Their desolate protest march through Westminster last week showed the sudden slackening in demand for skills amid defence cuts and recession.

The following day, a group of pale-faced teenagers gathered in the Queen Elizabeth II conference centre next door for the glossy launch of the government's latest initiative to improve training in Britain. They heard Mr Michael Howard, employment secretary, laud the £120m training credits scheme giving youngsters in 11 regions vouchers worth up to £1,500 for training. They were filmed by a German television crew curious at Britain's latest effort to end the long years of inadequate training for its under-skilled and ignorant workforce.

This week, the experiment of which training vouchers forms a part begins in earnest. A further 22 of the employer-led Training and Enterprise Councils (Tecs) will begin operating, leaving only nine of a network of 82 in England and Wales to come. Control of public and private sector training will pass to Tecs, and their equivalent Local Enterprise Companies (Lecs) in Scotland. Employers will take over a plethora of government schemes, and try to devise new ways of encouraging companies to spend more on training.

The experiment could hardly be starting in less auspicious circumstances. It is the fate of Tecs to have been conceived in good times, and born in bad. Sir Norman Fowler, Mr Howard's predecessor, first mooted handing over large parts of his department's functions to private sector chief executives in 1988. Employers were crying out for skilled workers, and the demographic shift promised an enduring shortage of young people. The idea of using market forces to push employers into doing more training seemed likely to bear fruit.

The activity and enthusiasm of Tecs have encouraged hopes that Britain may be on the verge of a training practices breakthrough

So the government opted for what Mr Robert Jackson, Mr Howard's deputy, calls "co-operation and partnership rather than coercion". As it planned its network of Tecs and Lecs, it dismantled the last vestiges of compulsion from the 1964 Industrial Training Act. Instead of forcing employers to spend money on training, it invited 1,200 chief executives to join employer-led boards modelled on German chambers of commerce and Private Industry Councils in the US.

The activity and enthusiasm of Tecs so far have encouraged modest hopes that Britain may at last be on the verge of a breakthrough in overhauling its training practices. "Although Tecs are still in the foothills, and we will not be able to judge it properly for a year or two, all the signs look good," says Sir Bryan Nicholson, chairman of the Post Office and a leading advocate for training within the Confederation of British Industry. "The foundations are in place and the opportunity for change in the next few years is enormous," says Mr Eric Dancer, chairman of Devon and Cornwall Tec.

Many of the chief executives comprising two-thirds of Tec boards are taking an active interest in training for the first time. It has been the preserve of personnel directors in their own companies. But now they are negotiating with local training providers, talking to schools and colleges to arrange vocational courses, even flying to Hong Kong and Canada to examine training ideas abroad. Effort has been duplicated, and some Tec leaders say they would benefit from more co-ordination.

The optimism is encouraged by an emerging consensus between the political parties about the need to support the Tec framework. Although the Labour party criticises voluntarism, and wants to use the stick of levies to encourage training, it has accepted the idea of employer-led Tecs. Mr Tony Blair, shadow employment secretary, couches his attacks in terms of helping Tecs perform better.

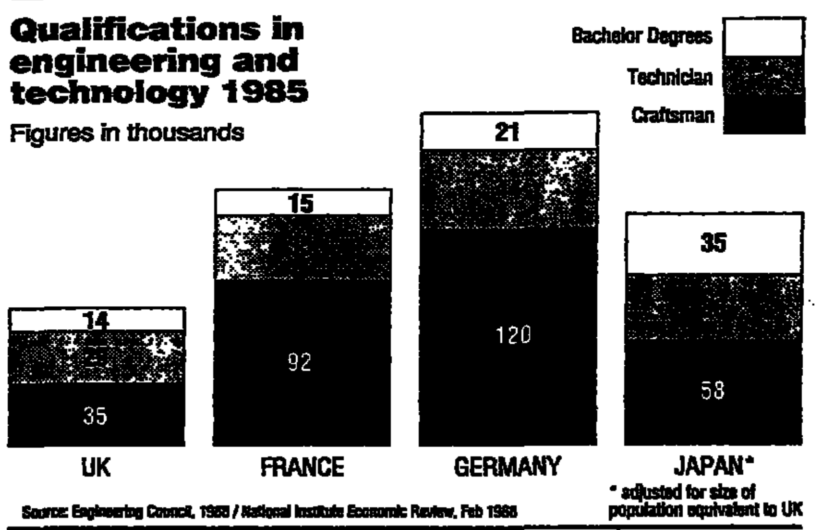
But amid this good cheer and bullish enthusiasm, a set of doubts has emerged over the direction of Tecs and the background against which they will operate.

The first uncertainty is the recession. The hardest lesson of the 1980s for many companies – and one which encouraged chief executives to join the Tec movement – was the manner in which they contributed to the problems of skill shortages and wage inflation in the later part of the decade by cutting training and sacking skilled workers in the recession of the early 1980s. "If employers simply switch off again, then Tecs are not going to be able to do anything more than tinker with public training schemes," admits Mr John Cridland, the CBI's deputy director for education and training.

There is some evidence that this recession is different: surveys by the CBI and the Industrial Society have found most employers maintaining training. But the pressures will get harder the longer the recession lasts. Some say the draining away of labour shortages exposes a fatal weakness at the heart of Tecs. "The key to the whole market-led model was that workers were in demand and could pick and choose among employers. The problem is that just as it is being put into practice, the labour market has gone into reverse," says Mr David Finegold, a Warwick University research fellow.

The second doubt has been created by cuts in government training expenditure, which will continue until 1994. The government wants employers to bear more training costs. Tecs support the idea, but say the fall in employer subsidies has been too abrupt. Now rising unemployment has started to exhaust the smaller budgets. "We are not at the stage of being demoralised, but it has made for a degree of cynicism among employers about what the government is doing," says Mr David Stone, a member of the Sheffield Tec board.

The biggest impact has been on training providers in the voluntary sector. Cuts in the Employment Training (ET) programme for adult unemployed could lead to a layer of providers being wiped out. The National Association for the Care and Resettlement of Offenders stands to lose 9,000 of its 13,000 training places. Not only is the number of ET places being cut, but Tecs are reducing the amount they pay for places. A quarter of funding is tied to the attainment of qualifications; training providers say this allows the more easily-trained jobless to be "creamed off".



* adjusted for size of population equivalent to UK

Source: Engineering Council, 1988 / National Institute Economic Review, Feb 1988

The third doubt about the employer-led framework is that it will be exploited by the employers. Money will be spent on marketing the idea of training rather than improving the substance. New forms of certificate will give spurious recognition to the existing level of skills. Mr Jackson says recognition is a key part of the effort. "One of our problems is that we do not have a culture of certification. It is not that people are untrained, it is that they do not think it is important to have a piece of paper," he says. He argues that depressing comparisons of skill levels abroad may be misleading.

The potential exploitation of the framework has been most scathingly criticised by Professor Sig Prais of the National Institute of Economic and Social Research. "If you can hit a nail with a hammer in front of a foreman, you will get a qualification even if you cannot read and write," says Mr Prais of the National Vocational Qualifications (NVQs) on which the government pins its hopes of rigour. He says employers are being allowed to set narrow standards which suit them rather than those which would help produce the multi-skilled workers Britain needs.

All this has raised questions over whether Tecs can stimulate better quality training by employers, and more commitment to it from workers.

Employers are estimated to spend about £20bn a year on training, and individuals about £7bn, including loss of earnings. But many companies carry out little training, and many workers show little hunger for it. The government and the Tec movement are planning two policy thrusts; one aimed at 16- to 19-year-olds inside and outside schools, the other at adult workers in employment.

For young people, the government wants to achieve what Mr Kenneth Clarke, the education secretary, calls "parity of esteem" between academic and vocational education. It wants sixth form pupils to be able to take a mixture of A-levels and NVQs. The school NVQs would be adapted from those taken by teenagers on Youth Training schemes. The government believes a mixture of new entitlements through training credits, and higher status vocational courses, could raise participation rates in education and training to German levels. Its reform ideas are to be laid out in a white paper this spring.

For adults in employment, both Tecs and the government are pinning hopes on a scheme for giving a "kite-mark" to companies which provide training of high quality. The Investors in People (IIP) stamp will initially only offer kudos to companies. In the longer term, Tecs could restrict public funding in the Youth Training and ET schemes to IIP companies. Labour wants to go further and use IIP as a means for companies to qualify for exclusion from a compulsory training levy set at 0.5 per cent of payroll. Even Mr Jackson talks of IIP becoming "a nexus of stick and carrot".

There are problems. The initial plans for IIP testing envisage no hard yardsticks such as the number of NVQs workers should have. Instead, it would test processes such as whether employees have have their own training plans, or how well company training is integrated with business goals. Sir Bryan Nicholson talks of a "thin dividing line" between IIP having "sufficient rigour and becoming bureaucratic". Some Tecs think the government would like to see an IIP scheme which would be little more than a cosmetic exercise. They want to ensure it is rigorous enough to have real worth.

But the more powerful a stick IIP becomes in the hands of Tecs, the more tensions are bound to be created. Mr David Howells, a partner in Price Waterhouse, the management consultancy, has carried out development work on IIP. He believes an award on which large sums of money could rest would be awkward for chief executives to administer. "I question whether many Tec directors would be keen to take decisions that lead to significant financial consequences for their fellow local employers," he says. "They would not want to be cast in the role of policemen."

If Tec leaders are not to be dragged into this role, the voluntary approach must work. Otherwise, there will be increasing economic pressure to impose levies and sanctions on employers to force them to train. Tecs are starting their work in hard times with lowered initial aims. Simply protecting the inadequate amount of training from the ravages of recession would be an achievement. The plight of the protesting BAe workers is evidence of the decreased value of skills in a harsher labour market.

Perhaps the biggest fear is not that Tecs will fail, but that they will do so while appearing to succeed. If the formidable marketing and selling skills of the Tec board members are merely applied to rebranding public sector schemes, and offering workers certificates for knowing what they know already, the economic cost of ignorance will only be concealed. Britain can hardly afford to wake up again in a decade's time with the task of establishing a new framework, and again rethinking how to improve training. If the Tecs are failing, it is best that we should know at once.

OBSERVER

Pole to head peace body

■ The esteemed Stockholm International Peace Research Institute is to have a new director: Daniel Rotfeld, a former Polish diplomat and expert on conventional arms control in Europe. The institute's board is recommending him to the Swedish government as a successor to Dr Walther Stützle, a German.

The institute was formed in 1966 to mark Sweden's 150 years of unbroken peace. Students of the international arms-race look on its "SIPRI Yearbook" as their bible.

In earlier years the director's job tended to be monopolised by Englishmen. The first three directors were Professor Robert Nield, Frank Barnaby and Frank Blackaby of the National Institute for Economic and Social Research.

Rotfeld's appointment would strengthen SIPRI's European orientation. His own past - like that of so many Poles - has been scarred by tragedy. All his family perished in the Nazi Holocaust, and he was saved by priests. Educated in an orphanage in Warsaw after the war, Rotfeld worked his way nimbly up through Poland's diplomatic and academic ranks. He was a strong supporter of Solidarity in its early days but became worried by Lech Walesa's leadership style before he was elected president.

A cautious but friendly man, Rotfeld is highly regarded as a scholar who moves easily between the worlds of diplomacy and academia. An insider candidate, he has spent several years in the institute as a research fellow.

Vacuum

■ Alastair Ross Goobey's disappearance into the Treasury this morning, as a special adviser second time round, leaves a bit of a literary vacuum at the top of the dry old world of investment analysis.

The 45-year-old Ross Goobey, James Capel's chief investment strategist, will be remembered not so much for calling the market right, but as author of a short and enjoyable weekly investment commentary. For example, it was he who first publicised the remarkable correlation between the Guardian young businessman of the year award and business failure.

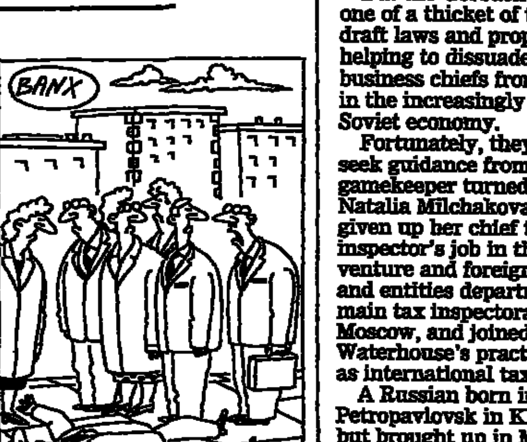
Having worked for Norman Lamont in the run-up to the 1987 general election, Ross Goobey looks to have much the same role this time round. Incidentally, one of his last private-sector predictions was that the next election will be on Thursday October 24, a week after UK price inflation is officially supposed to drop below 5 per cent.

Although Martin Paling, Ross Goobey's colleague at Capel, will continue the commentary on a less regular basis, Ross Goobey's literary mantle looks set to fall by default on Morgan Stanley. Barton Biggs, that firm's chief investment strategist, is an entertaining writer, even if his colleague in Europe, David Roche, is a trifle pompous and self-indulgent. (*The sky is black*, he began recently. *The sea heaves sulkily....*)

Missing

■ City sleuths are focusing their magnifying glasses on the case of the missing analysts, a mystery centred on County NatWest, stockbroking arm of National Westminster Bank which has given it two years to be in profit, or else.

The latest edition of the UK investment analysts' Who's Who makes no mention of the 60 or so working for County NatWest, although they were well represented in the previous edition. As the directory – published by Citigate Communications and the Society of Investment Analysts' journal – purports to be the official guide to the 1,000-plus members of said profession in Britain, does the omission reflect County NatWest's own view of its future?



"Let me through – I'm an accountant."

Philip Augar, head of research there, denies it. There's nothing sinister in the matter, he says. "We get a lot of requests for information, and they take up a very large amount of time." In common with a handful of snooty firms, such as Cazenove, he sees no benefit in appearances in the directory.

Even so, suspicious souls might insist that it is at least a ploy by County NatWest to make life harder for hovering headhunters.

Jungle guide

■ Whenever Soviet citizens buy anything these days they silently curse the "Gorbachevka". It's their name for the 5 per cent sales tax the Soviet president lately imposed almost across the board.

But the Gorbachevka is only one of a thicket of tax decrees, draft laws and proposals helping to dissuade western business chiefs from investing in the increasingly depressed Soviet economy.

Fortunately, they can now seek guidance from a gamekeeper turned poacher: Natalia Milchakova. She has given up her chief tax inspector's job in the joint venture and foreign persons and entities department of the main tax inspectorate in Moscow, and joined Price Waterhouse's practice there as international tax manager.

A Russian born in Petropavlovsk in Khazakstan but brought up in Moldavia, she is anxious about the shorter-term outlook. Although still supporting President Gorbachev, she fears that the deepening economic crisis will bring back the old centralised command system. "It won't work, and western companies cannot be built into such a system."

Beyond that, however, the long, patient task of creating modern financial and other institutions and re-building civil society will continue - and so, she thinks, will the need for a friendly hand to steer foreigners through the tax jungle.

Bust

■ W.B. Yeats, poet of the Irish struggle for independence, went walk-about this weekend as Ireland celebrated the 75th anniversary of the Easter 1916 rising.

A large, bronze bust of W.B. disappeared from its plinth in Sandymount, a Dublin seaside suburb. But the poet was quickly recovered.

Irish police saw two men acting suspiciously in a neighbouring garden. When they investigated, a man carrying the poet's head dropped it on his accomplice's foot. One was arrested, the other was taken to hospital.

West German bureaucracy is stifling entrepreneurship in the east. **David Goodhart** reports on the lessons of the telecoms sector

Pressure is growing for a radical solution

The absorption of east Germany into the capitalist world has not yet provided west Germany's small band of free-market enthusiasts with much to cheer about. They had hoped that the scale of the task would force their own country's regulated capitalism into imaginative entrepreneurship in the east which would in turn call into question inflexibility in the west.

In fact, it is business as usual. Some of west Germany's subsidies to encourage development in particular regions are being phased out but most industry-specific subsidies remain. Talk of privatisation in the west to cover the yawning budget deficit remains vague. Trade union power, too, seems to have been effortlessly extended from west to east.

Even worse, say some liberals, west Germany has exported to the east not its entrepreneurs but its *Beamte* (public official) mentality with its attention to the letter of the law; an attitude which has compounded uncertainty over ownership rights in the east by encouraging a willingness to scrutinise closely all claims.

The east has, understandably, adopted the west's welfare system plus many traditional investment subsidies. But the government has at least opted for the market solution for rents, which should provide capital for housing renovation.

Elsewhere in the east there is no evidence of the promised private capital for infrastructure projects or flexible planning procedures. Also the Treuhand agency, charged with privatising the east's industry, is being forced by the politicians – who have a different agenda – to abandon market principles to become the state holding company that Mr Detlev Rohwedder, the president, wanted to avoid.

Mr Rohwedder has tried to block the creation of pan-German monopolies, but the east's electricity industry and banking system fell to the west's oligopolies and, more recently, the retail system has been gobbled up by big western chains.

However, for many economic liberals the paradigm for west Germany's bureaucratic takeover is the manner in which Telekom, the west's state-owned telecommunications giant, has tackled the investment-deterring telephone bottleneck in east Germany.

This task has fallen to Telekom following partial liberalisation in 1989, in which fax, data transfer and other non-voice services were opened to competition and taken up by private operators; analysts are divided about whether east Germany will push Telekom towards further liberalisation or back to statism.

The way the finance ministry ordered Telekom to raise tariffs (already among the highest in Europe) to help pay for unity certainly made a mockery of the business independence that Telekom was supposed to have won in the 1989 reforms. Some at Telekom argue that to cover the east's investment needs, extra protection is required for Telekom's lucrative monopolies.

On the other hand thanks to the depth of the crisis in the east, the post ministry has forced Telekom, over which it exercises control, to abandon a tiny corner of its voice monopoly by allowing companies to use satellite telephone links for east-west traffic.

Those who propose radical telecoms liberalisation – such as Mr Klaus Holthoff, at the Monopoly Commission – this is just scratching the surface. He, and the leaders of Germany's underdeveloped private telecoms industry, are tired of hearing about Telekom's DM60bn (£20.2bn) investment programme in the east over the next seven years.

Industry cannot wait years for a properly functioning telephone system, they argue, and, thanks to the increase in demand, telephoning from west to east is now getting worse not better. Banks with subsidiaries in east Germany have taken to getting a connection early in the morning and holding the line open all day.

"There was a three-fold increase in east-west links last year when we needed a 200-fold increase," says Mr Erwin Schäfer, head of the telecoms services company Meganet.

The radicals have a two-fold solution. To relieve the bottleneck over the short-term the liberalisation of 1989 must be extended to voice traffic and business must be allowed freedom to erect its own satellite, private mobile radio, microwave and other links which

Treuhand president Detlev Rohwedder: resisted erosion of market principles

can be installed swiftly and economically.

Over the longer term a network must be built with new cables and switching centres but Telekom alone does not have the capacity to do this quickly. The second proposal is therefore that the post ministry should invite in international groups, such as AT&T, which, with Telekom, would each build and run under licence the telephone system in a part of east Germany.

Telekom has, grudgingly, conceded some ground on the first part of the solution. The initial decision to allow satellite telephone was so hedged with restrictions that only one company took advantage of it. It has now been loosened by extending from three to six years the licence period.

Under pressure from outside, Telekom is also making use of the internal telephone systems built by the old communist regime. But for Mr Jürgen Schulte-Hillen, head of Scientific Consulting, the communications specialists, imagination is still lacking.

"The trunk network in the east functions well, the last few kilometres are the problem. The short-term answer is to allow the last link to be made with radio telephones," he says.

Further movement in this direction is feasible if only because it will be politically impossible to stop companies breaking the law if all they are doing is helping themselves to a vital telephone connection.

Even prior to unification the post ministry turned a blind eye to companies like Meganet providing a telephone service over leased lines in breach of the law. Now an illegal telephone link connecting the chemical industry in the two parts of Germany is tolerated. "Companies are installing their own telephone links with the east and not informing Telekom," says an IBM Germany executive.

Progress on the second part of the solution is less likely despite support from Mr Rohwedder and other industrialists. Mr Christian Schwarz-Schilling, post minister, points out that no other industrial country has allowed foreign companies to build its telephone network. To which the radicals reply that no country has needed to build a modern network so quickly.

The ministry also argues that foreign companies would use their own technology thus breaking up the unity of the German system and that, in any case, the real bottleneck is the east German construction industry.

"Foreign companies would bring their own equipment," says Mr Holthoff, who has reservations about Telekom's planning capacity. This was acknowledged in the recent decision to hand management control of 29 projects to (German) private industry.

"Telekom is, sadly, trying a speeded up version of what it has done over 40 years in the west. But the *Beamte* (public official) mentality means, for example, that new switches are not installed in buildings until the ownership problem is sorted out. A private company would use temporary containers," says Mr Schulte-Hillen.

The post ministry is now talking of a workable system in the east by the end of the year. If that optimism proves unjustified, the pressure for the radical solution could become irresistible, in other sectors as well as telecoms.

More state support, as demanded by east Germans, does not preclude more free-market imagination. Indeed, the latter may be needed to pay for the former. A government report on privatisation, due later this month, is awaited with interest.

The collapse of Comecon is causing difficulties for eastern Europe and the Soviet Union, write **Anthony Robinson** and **Leyla Boulton**

High hopes give way to empty shelves

It seemed a good idea at the time. After four decades of Soviet domination the rush by the newly-liberated nations of eastern and central Europe to abolish Soviet-imposed institutions such as the Comecon trading organisation was entirely understandable.

But for the members of Comecon – the Council for Mutual Economic Assistance – abolition of the transferable rouble, its nominal unit of account on January 1, and the switch to dollar-based trading has proved a zero sum game with no winners. One of the biggest losers is Czechoslovakia, ironically one of the leading partisans in Comecon's demise.

Last week in London, the Czechoslovak finance minister Mr Vaclav Klaus likened the effect of the collapse of the Soviet market to the effect on Asian tiger economies such as Taiwan and South Korea of overnight closure of the US market. The situation is "simply unbearable", he said.

Czechoslovakia, supported by Hungary and Poland, led the chorus demanding the death of an institution blamed for saddling it with an artificial heavy industrial structure which made it over-dependent on Soviet energy and the Soviet market.

But it is not only the non-Soviet partners in the trading group, built up over more than 40 years, that are suffering. The collapse of Comecon trade is also a prime contributor to the shortages afflicting the Soviet economy.

Trade with its Comecon partners in eastern Europe, Cuba, Mongolia and Vietnam accounted for nearly half the Soviet Union's foreign trade before the democratic upsurge of 1989 swept away the political underpinning of the organisation designed by Stalin to give economic coherence to his territorial acquisitions.

Now empty shelves in Soviet shops and shortages of spare parts and components in Soviet factories have been exacerbated by the absence of goods from eastern Europe, which are piling up in warehouses and threatening imminent bankruptcy to swathes of east European industry.

In the first quarter of this year, trade between the Soviet Union and east and central Europe collapsed to just 10 per cent of the volume in the corresponding period of 1990, according to Mr Sergei Lykov, deputy chief of the international department of the Soviet State Bank (Gosbank). But Moscow, he added, was not to blame. "We were not the initiators of the new system."

The Soviet Union accepted Czechoslovak, Hungarian and Polish-led demands for the radical restructuring of Comecon because the switch from rouble to dollar pricing at world prices promised a dramatic improvement in the Soviet terms of trade. Instead of selling oil at the equivalent in some cases of $7 a barrel in return for goods of dubious quality, the Soviet Union was attracted by the prospect of hard currency oil sales at world prices, then rising rapidly because of the Gulf crisis.

The Soviet Union has been willing to sell energy and raw materials for dollars, but reluctant to use those dollars to buy goods or services, from its former partners

The newly-independent central European countries assumed that most of the dollars spent on importing more expensive Soviet oil, gas and raw materials would return to them in dollar payments for manufactured, engineering and consumer goods and food exported to the Soviet Union.

Many products, such as broad-gauge railway locomotives and wagons from Czechoslovakia and the former East Germany or Ikarus buses from Hungary, were specifically tailored for the Soviet market. The former central European satellites hoped that other food, engineering and consumer products, although technologically backward and of poor quality by western standards, would continue to sell on price alone or because of inertia on the part of the buyers, until the factories and their products could be upgraded by joint ventures with western companies or through privatisation.

In practice the Soviet Union has been willing to sell energy and raw materials for dollars, but reluctant to use those dollars to buy goods or even services, like holidays in Romanian and Bulgaria, from its former partners. Instead the dollars have been passed to Vneshekonombank, the main foreign trade bank, to help it grapple with this year's daunting hard currency debt repayment schedule and finance trade with the west.

Unfortunately for eastern Europe, January 1 this year coincided with new Soviet legislation which ran counter to the hoped-for trade liberalisation. A decree signed by President Mikhail Gorbachev required Soviet enterprises to surrender the bulk of their hard currency earnings to the state to help repay the country's foreign debt and to centralise the spending of foreign currency for key imports.

Other legislation – designed to preserve centrally-planned contracts between Soviet enterprises themselves – banned barter deals by Soviet enterprises and saddled them with stiff licensing requirements for key Soviet exports such as timber, oil and gas.

"The result of this hybrid system has of course been a collapse of trade," says Mr Hugo Kysilka, Czechoslovakia's permanent envoy to Comecon. German reunification and the closure of east German companies which were leading participants in Comecon trade has also played havoc with traditional markets.

As the scale of the dislocation became clearer, high-ranking east European trade and political representatives set off for talks in Moscow aimed at unblocking the clogged trade links. Given Moscow's reluctance to part with its dollars, negotiations concentrated on crude barter, such as Polish cement for Ukrainian coal, and appeals for the resumption of trading in national currencies or on a clearing basis.

The prime ministers of both the Czech and Slovak republics made separate visits to the Soviet Union last month followed by the deputy finance minister of the Czechoslovak federal government. Mr Jan Bielecki, the Polish prime minister, is expected soon. Such visits reflect the growing realisation that patterns and dependencies built up over decades cannot be ignored, and that no country can gain from "beggar my neighbour" policies.

According to Hungary's deputy trade representative in Moscow, the Soviet government has promised to endow Vneshekonombank, the state foreign trade bank, with some additional hard currency to provide credit lines for products already included within "indicative lists" agreed during bilateral inter-government trade negotiations last year. Of the $150m (£85m) earmarked for Hungary, some $20m is for urgently needed spares required to keep the Soviet Union's 80,000-strong fleet of Ikarus buses on the road.

The search for a *modus vivendi* should not be confused with nostalgia for Comecon itself. Mr Klaus, with characteristic bluntness, called the trading collective in a London speech an "unproductive pseudo-market of irrational foreign trade, pricing, financial and payments practices". Negotiations to wind it up, to dispose of its assets and to create a more modest successor have been dragging on for months.

Czechoslovakia, Hungary and Poland have set their sights on integrating their economies into the European Community by the end of the century. The Soviet Union is turning to countries such as Turkey and South Korea for better-quality consumer goods and technology.

Comecon locked its members into a rigid and technologically inhibiting relationship. But it is also recognised that some framework has to be devised which will alow it to be phased out in a more orderly fashion.

Next month, after several abortive meetings, Comecon representatives are due to meet in Moscow to complete arrangements for a successor group. It has a grandiose name – Organisation for International Economic Co-operation (OIEC). But Czechoslovakia, Hungary and Poland insist its role will be mainly confined to "information and analysis". It is a long way from Stalin's vision of Comecon.

Additional reporting by Christopher Bobinski in Warsaw and Nicholas Denton in Hungary.

LETTERS

Lawson's view on local tax persuasive

From Mr John Whitfield, JP, DL.

Sir, Mr Nigel Lawson, the former chancellor, is surely right when he proposes the abolition of local taxation. There will be cries of dismay from some of my former colleagues in local government, but we must face the facts as they are, not as we would like them to be.

In order to preserve the power of local authorities to raise a mere 11 per cent of their expenditure, the Conservatives are about to engage in a destructive argument about how to value property, how many heads to count, and so on, to form the basis of the new local tax.

When all that is sorted out, many will be aggrieved at the outcome, and there will be considerable costs in setting up and administering the new system.

To invite all this further trouble and expense in order to provide a fig leaf of independence for local government seems to me to be very unwise. Let us, as Mr Lawson said, "go the whole hog" and collect all the necessary revenue centrally.

The existing grant mechanism could then be used to distribute the money to authorities, whether the present ones, or new unitary ones. This would also enable the government to set a limit to overall local expenditure without the tiresome business of expenditure assessments and capping.

Councillors would be accountable to their electors for the expenditure of their grant of 100 per cent, instead of 89 per cent; if they are concerned about losing their independence, I have to say they have none now.

Let us abolish local taxation, and "with one jump" the country will be free of this perennial and divisive problem.

John Whitfield,
Chairman,
Surrey County Council,
1981-84,
4 Holiday House,
Sunningdale,
Berkshire

Colombian deal distorts GSP

From Mr Adrian Hewitt.

Sir, Your report from Managua on European Community relations with the Central American countries, "EC rejects call to scrap Central America duties", (March 21), is seriously misleading, when it claims in its first paragraph that the EC has turned down the inclusion of Central America in its scheme of the Generalised System of Preferences.

Not only are all Central American countries included in GSP, but their exclusion would violate a crucial original tenet of all autonomous GSP schemes: that they are offered to all developing countries – hence the term, "generalised".

A second fundamental principle of GSP is that preferences should be accorded to assist development through trade, and not as a political pay-off. It is, therefore, worrying to see your article quoting Mr Abel Matutes, EC commissioner for Latin America, saying that the EC accorded Colombia special GSP treatment (which was supposed to be reserved for the least developed countries) for the eradication of cocaine and that "our experts did not see sufficient technical reasons to justify such a measure for the Central Americans".

I delivered a paper on GSP to the European Institute for South and South East Asian studies in Brussels on November 8 1990, stating that the Colombian arrangement, conceded under pressure, was a perversion of GSP, which would distort the whole scheme of preferences offered to other countries, and that the EC's own Economic and Social Committee had criticised the Commission for this departure from globally accepted GSP principles in their Opinion Ex1/48 of August 3 1990.

Unfortunately, "technical reasons" for not doing things to help Central America have an unhappy history. It is time the EC turned over a new leaf.

Andrew P Hewitt,
deputy director,
Overseas Development Institute,
Regent's Park, NW1

Accountants ultimate winners in insolvency cases

From Messrs Lawrence Smith and Douglas Barnes.

Sir, The letter from Frank Wessely (March 26) seems to indicate that insolvency can be easily avoided.

This, however, does conflict with research work that we have carried out as part of a recent MBA course. The project dealt with small firms in the manufacturing sector that were currently insolvent.

We studied one particular firm in depth. This seemed to follow Mr Wessely's advice and has an abundance of "professional" involvement. It was financed by the largest European commercial mortgage lender and by the largest UK venture capital company. It held the largest account by far at its local branch of one of the leading high street banks, retained the services of a professional accountant and a solicitor. Also, it was audited by one of the largest national accountancy practices.

Our analysis showed that it had deteriorating finances over the past five years and was only surviving by capital injections. It had no financial controls or management accounts. It "failed," to the surprise of the management and "professional" advisers by missing a very small loan repayment. It had debts of over £0.5m with less than 30 per cent covered by assets.

Our conclusion was that the necessary advice, control and concern for the company's survival was non-existent in this case. In our dealings with these advisers, it was apparent that the monopoly that the accountancy firms enjoy in the fields of audit, consultancy, and insolvency is extremely unhealthy for the survival of these companies. Accountancy firms win, whatever happens to the company. Until the attitude prevails that the primary aim is company survival, creditors and the economy will continue to suffer and insolvency and bad debts will remain a problem in the UK.

The balance between creditors and companies is too far skewed towards closing, rather than rebuilding, companies. Mr Wessely's view reflects that of most of the accountancy profession: "Everything would be better, if only we were consulted more." Professional management, long-termism and co-operation between advisers and directors, is the view and attitude that is desperately needed within the UK to ensure increased and sustained corporate activity.

Lawrence Smith and
Douglas Barnes,
BS Consultants,
10 Russellcroft Road,
Welwyn Garden City, Herts

Cash benefits blocked by Customs & Excise ruling

From Mr Peter D Kirk.

Sir, The Budget proposals clearly indicate a desire to discourage benefits in kind, by eliminating their tax advantage to employer and employee. It seems to be hoped that by doing this benefits will be replaced by cash emoluments. A recent ruling by the commissioners of HM Customs & Excise is, however, proving a major stumbling-block to employers wishing to follow this trend.

Where an employer offers employees cash emoluments as an alternative to the provision of a company car, then the commissioners have ruled that VAT must be accounted for on an amount equal to the cash salary foregone for each employee who elects to take a car. This VAT cost makes it expensive for employers to modify their car schemes to introduce a cash alternative.

Article 4 of the EC sixth Directive would indicate that Customs' present view is incorrect as it precludes from the scope of VAT the relationship of employer and employee to the extent covered by a contract of employment between the two. It is believed no other EC country adopts the stance of the UK VAT authorities in this matter.

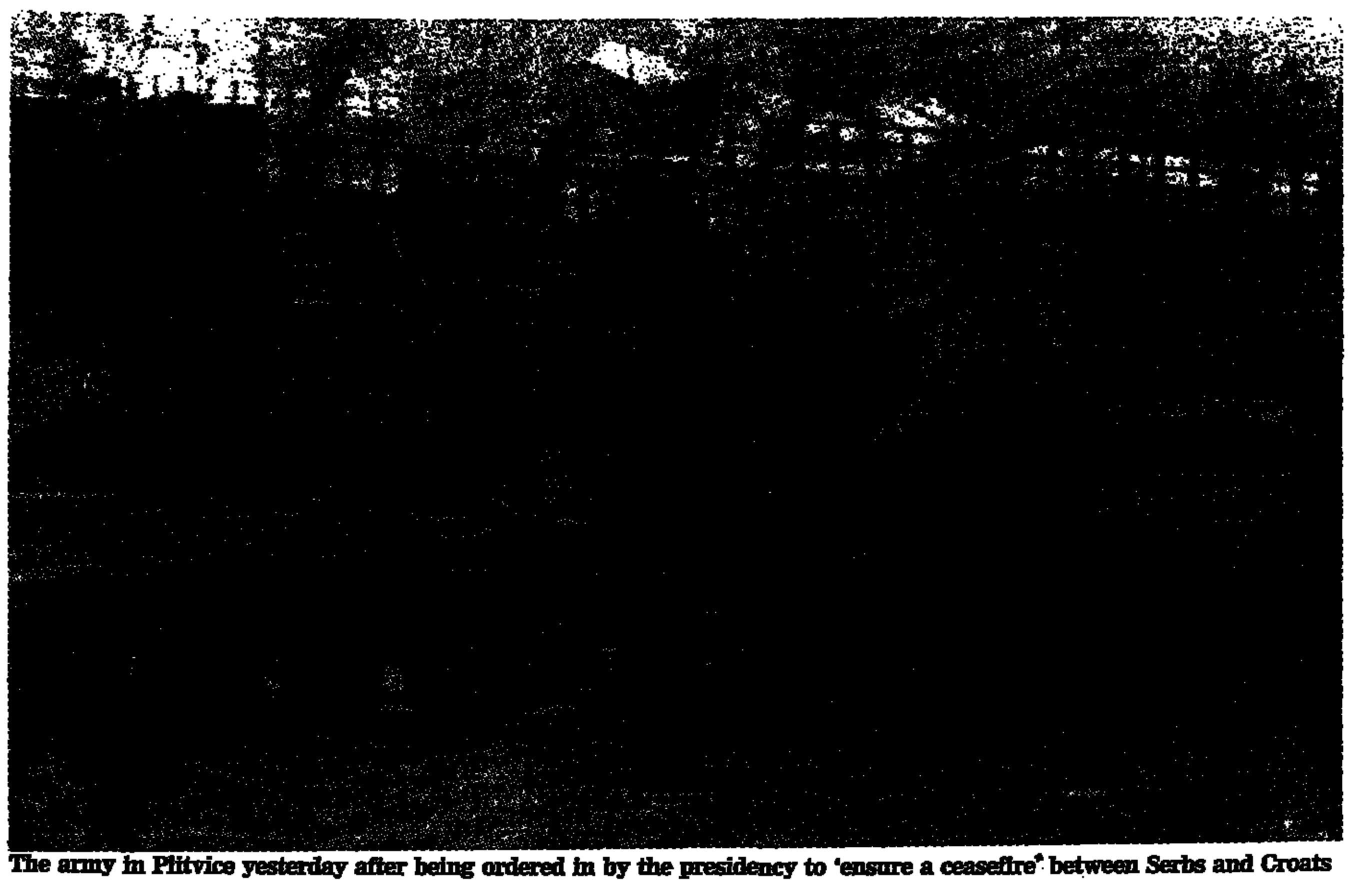
If the government is genuine in its desire to encourage employers to remunerate employees in cash rather than kind, then a more positive approach should be adopted on this issue.

Peter D. Kirk,
Group Employee,
Midland Bank,
Poultry, EC2

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

FINANCIAL TIMES
Tuesday April 2 1991



The army in Plitvice yesterday after being ordered in by the presidency to 'ensure a ceasefire' between Serbs and Croats

Yugoslav tanks patrol national park

By Judy Dempsey, East Europe Correspondent

YUGOSLAV army tanks yesterday patrolled the country's largest national park, Plitvice, after two people were killed in clashes between Croatian police and ethnic Serbs at the weekend.

The violence has undermined fresh attempts by the country's leadership to negotiate a solution to the worst political and economic crisis since the Second World War.

A Croatian policeman and a Serb were killed in the clashes on Sunday which followed an attempt by ethnic Serbs to take over Plitvice, Yugoslavia's main tourist attraction, in southern Croatia.

Violence between the riot police and the Serbs, who make up 11 per cent of Croatia's 4.5m population, started when the republic's authorities tried to evict them.

An emergency meeting of the collective presidency, which consists of representatives from Yugoslavia's six republics and two provinces, ordered in army units to restore order and "ensure a ceasefire".

The army's intervention was its second in less than a month in Croatia and fuels speculation that it will play a prominent role, not only in preventing clashes between the country's rival ethnic groups, but in influencing the political agenda.

Croatia's nationalist right-wing government, whose president is Mr Franjo Tudjman, is seeking greater autonomy from the fragile Yugoslav federation led by Mr Ante Markovic, the prime minister.

But the Serb minority in Croatia, supported by Mr Slobodan Milosevic, communist president of Serbia, is determined to remain in a Yugoslav federation, dominated by Serbia.

Last month, Serbs living in the Croatian region of Krajina declared their independence from the western republic. They received a boost at the weekend after Serbs in the Croatian regions of Glina and Kostajnica also declared their independence in a move likely to increase tension between Croats and Serbs.

The dispute between these two ethnic groups will not be easily resolved.

The loyalties of the Serbs in Croatia are torn between wanting to belong to the pre-1914 Kingdom of Serbia – which would remove their status as a minority – and belonging to a more "western" political and socio-economic culture of the Slovenes and Croats.

East Germany braced for western-style news

By Raymond Snoddy

THE CITIZENS of eastern Germany are about to receive their first taste of tabloid journalism, western style.

Mr Rupert Murdoch, chief executive of News Corporation, and Mr Hubert Burda, the German publisher, are launching Super Zeitung as a joint venture later this month from east Berlin.

The paper will draw on the tradition of Bild, Germany's only national daily tabloid, and Mr Murdoch's controversial British tabloid The Sun.

Mr Kelvin MacKenzie, editor of The Sun, a paper that often refers to Germans as Krauts, has visited Super Zeitung's offices in Berlin to pass on some of his expertise on tabloid layout, style and values.

The hallmark of The Sun, based in London, is the Page 3 girl, a feature which is also likely to be part of the Super Zeitung editorial package.

"It could well be and if it is I am all for it," says Mr Karsten Schmidt, director of international operations at News International, who will be chairman of Super Zeitung.

"This is going to be the most exciting launch in Germany since the war. There is nothing like it, absolutely nothing like it," said Mr Schmidt, who has been helping to plan the new newspaper as a consultant.

The 24-page tabloid will be produced with the latest computer technology and printed in full colour.

It is targeted at east Germany, catering for the special pre-occupations of the east Germans in a nation that is still deeply divided economically. It is intended to go national eventually.

Super, Mr Schmidt says, will look at issues such as the serious problem of unemployment in the eastern provinces, and asking whether East German sports successes in the past were based on drugs.

Springer, which publishes Bild, has been selling the paper in the east since the Berlin wall came down.

But Super Zeitung says Bild's sales have dropped from 1.2m to 500,000, partly because of the 50 pfennig price. Super Zeitung will sell for considerably less and is aiming for a circulation of 800,000.

The rivalry between Bild and Super, likely to be intense, has begun even before Super has hit the streets.

Mr Gunter Prinz, a former editor of Bild, was scheduled to be the launch editor of Super. In February he was enticed back to Springer to be deputy chairman and group editorial director.

"We do expect Springer to come at us with all cannons blazing," said Mr Schmidt, who is an honorary legal adviser to the British ambassador in Bonn.

Thousands die as Iraqi troops push back Kurdish rebellion

By Tony Walker, Middle East Correspondent, in Nicosia, **Kamran Fazel** in Tehran and **agencies**

FORCES LOYAL to President Saddam Hussein appear to have broken the back of the Kurdish revolt in northern Iraq in fierce battles for control of key towns that left thousands dead, including women and children.

Hundreds of thousands of Kurdish fighters and civilians were fleeing into the snowcapped mountains yesterday after government forces using heavy artillery won control of the northern cities of Dahuk and Irbil. Unconfirmed reports last night suggested loyalist troops had also retaken Zakho, near the Turkish border.

News agency reports said Mr Saddam's troops used tanks and helicopters to recapture the frontier village which was seized by rebels last month.

Yesterday's successes for loyalist troops follow their recapture at the weekend of the strategic oil city of Kirkuk with a population of 500,000, the Kurds' biggest prize.

The loss by the Kurds of these towns would leave Sulaimaniya, near the Iranian border, as the only town of any size still in rebel hands.

A Damascus-based spokesman for the Kurdish Democratic Party (KDP) said: "There was a tactical withdrawal from Kirkuk, Dahuk and Irbil to save lives of innocent civilians and spare the cities from total devastation."

He said civilians had been targets of savage air, tank and artillery attack over the past few days.

"They are killing any Kurd they see. We are facing a worse genocide than Halabja." He was referring to a 1988 poison gas attack to punish Kurds in the border town of Halabja for their alleged support of Iran in the 1980-1988 Iran-Iraq war. That attack killed an estimated 5,000 people.

This time, the KDP spokesman said, "tens of thousands" of Kurds had died in and around Kirkuk, 150 miles north of Baghdad.

Kurds fled into the mountains along the Iranian border by any means possible yesterday, turning roadways into rivers of humanity.

Many women and children were forced to walk. Some, too tired to go on, lay on the roadsides without food or water. Refugees could be seen camping in the mountains, in the open without protection from rainstorms. The KDP in Tehran said 1.5m refugees were heading towards the Iranian border, but this could not be independently confirmed.

Avoiding the crunch questions about credit

When the Governor of the Bank of England talked wistfully of mortgage lending controls last week he spoke like the commercial banker he used to be. Just like the commercial bankers, he is obsessed with trying to avoid repeating recent mistakes. After a bad spill, this is only human – the Treasury seems to be in much the same state of mind - but it is wrong, all the same. The danger now is not too much lending, but too little.

So far as the house market is concerned, little remains to be said after my colleague John Plender's survey last Saturday. It is in the middle of a very painful correction. The demography is painfully simple; the falling school rolls of the 1980s mean a drop in housing demand in the coming few years. This would keep the market subdued even if credit were freely available, but it will not be. The lenders have been burned, and fear the fire.

Up to 10 per cent of current building society loans are regarded as questionable. This is the worst situation this cautious industry has faced since pre-World War days. The biggest society of all, the Halifax, is threatening to sue borrowers who have given up the struggle and surrendered the deeds to their property. This addresses a problem which has long been common in the US, but has little precedent here. Lenders will limit their future exposure without any need for regulation – all the more so after the Governor's speech.

The experience of the banks has been much worse, and their reaction will be correspondingly exaggerated – indeed, there is plenty of evidence that it already is. Over-reaction is built into the management structure of any multi-branch financial system. The instructions from head office may be mild and judicious, but the message between the lines is stark; the easiest way to wreck your career prospects is to be caught with bad loans on your books.

Hence the loan famine for small companies (not the big ones which dominate the CBI statistics) and hence, too, the efforts to call in loans which are effectively the core capital of perfectly sound businesses. Better to get the bank's money back while the borrower can still repay than to wait to see if he has underlying problems. (Perhaps the borrower's customers and suppliers, who will lose business as a result, bank with someone else.)

This apparently rational, but in fact largely self-defeating behaviour is what most businessmen mean when they talk

By Anthony Harris

about a credit crunch. Everyone knows it is happening – except, it seems, the Bank of England, and the academic economists in the City who are paid to think like the Bank.

There is a fascinating example from Jeremy Hale in the current edition of the Goldman Sachs International Economic Analyst. He surveys and defines almost every known form of credit crunch, including the past crunches caused by regulation, and goes on the discuss some purely hypothetical possibilities. He admits in passing that there could be a change in perceived lending risk – all very lucid and

Is the downturn a cause of reduced bank lending, or is reluctant lending causing the recession? Or is there a third cause?

instructive. However, he does not discuss two of the most widely-aired current problems – depleted bank capital and, in the US, supervisory overkill.

He no doubt thought this would be a waste of space, because the statistics tell him there is no crunch in any case. This is because the fall in bank lending in the current recession is on much the same scale as in past recessions.

This argument shows an enviable confidence in measured relationships. It would hardly be shared by the official and commercial economists who failed to forecast any recession at all (and are now covering their professional shame with blather about the Gulf war).

The fact is that econometrics has so far failed to make any consistent sense of our new, floating, de-regulated world, as is shown by the wild differences between competing models if you take them apart. Most businessmen instinctively know this, and treat economic forecasts with a justifiable contempt, as economists sadly complain.

This relationship between lending and economic activity is in any case a question-begging one. It begs the questions of distress borrowing, and of causation. The statistics cannot capture the switch from genuine new lending, which stimulates the economy, to distress or Ponzi lending, in which bankers lend the interest which borrowers cannot meet in the hope that it will be all right on the night.

This switch occurs in every recession, but it seems to be happening this time on an unusual scale. Otherwise industry's much-heralded success in keeping inventories tight as business turns down, and the swift fall in investment spending, would lead to an unusually sharp drop in bank lending this time.

Even if a full analysis of current loans were available, the causation question would remain – the question of did he fall or was he pushed? Is the downturn a cause of reduced bank lending, or is reluctant lending causing the recession? Or is there a third cause – a squeeze on the English-speaking countries, caused by the voracious demand for capital from the ex-communist countries in Europe, the growing young tigers of the Far East and the Japanese determination to build a country worthy of its wealth?

All these are plausible explanations, and there is some truth is all of them, but that is no reason to deny the reality of the crunch now bankrupting so many small companies. Dr Alan Greenspan of the US Federal Reserve believes in it, and is doing what he can to prevent what could follow – a debt deflation, in which general super-caution produces the very collapse it is trying to avoid.

The Fed has not yet produced any impressive results in the US economy, but its determination has at least impressed investors; hence the dollar rally which frees him to cut rates further.

His policy is certainly more impressive than the wise-monkey approach which rules here – see no crunch, hear no crunch, shrug off the fact that real interest rates are still rising, and greet any sign that the slide may be slowing as a new dawn.

There are times when caution is the high risk policy.

US claims businesses are 'fronts'

Continued from Page 1

The Ohio subsidiary's assets were frozen last September.

Other British companies named by the US Treasury include Admincheck Ltd of Old Burlington Street, London; Advanced Electronics Development Ltd of Mandeville Place, London; Associated Engineers; Atlas Air Conditioning Co Ltd and Atlas Equipment Co Ltd of Roebuck House, London; Dominion International; Endshire Export Marketing; Euromac Ltd of Northwood; Falcon Systems; Geodesigns; Investacast Precision Castings of City Road, London; and Keencloud Ltd of Catherine Place, London.

Also named are Meed International Ltd of Mandeville Place, London; PMK/QUDOS (Liverpool Polytechnic); Rajbrook Ltd; Reynolds and Wilson; Sollatek; Technology and Development Group Ltd of Centric House, London; T.E.G. Ltd of Mandeville Place, London; T.M.G. Engineering Ltd of Chiswick, London; TNK Fabrics Ltd; and UI International.

The list of alleged front companies also include S.M.I. Sewing Machines Italy SPA and a number of Iraq state agencies such as Iraqi Airways, Iraqi Reinsurance and the Iraqi State Enterprises for foodstuffs trading and maritime transport.ee

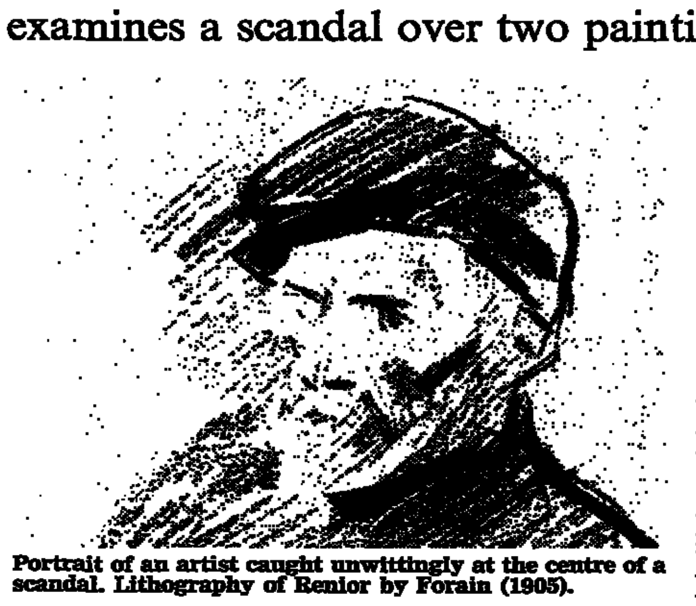
Art faces taxing times in Japan

Robert Thomson examines a scandal over two paintings by Renoir

TWO Japanese businessmen-cum-art buyers were contemplating a collection of classical moderns in a Tokyo exhibition hall which, for a few days, has become the world's largest market for creative produce. "You look at the number of the painting on the wall, and compare it to the number on this price list. You will find the prices in yen and dollars," said one of the pair simply.

Art dealers are in need of inspiration – not to mention new buyers – and the 120 participating galleries, including three from the UK and two from Venezuela, were hoping that Easter in Tokyo would mark a return to those heady days when cash-rich Japanese companies wanted a Van Gogh in the boardroom and a Henry Moore in the lobby.

However, the Tokyo Art Expo has coincided with a diverting art scandal in Japan, touching the names of Auguste Renoir, the French impressionist painter, and Mitsubishi Corporation, the Japanese trading house. Mitsubishi insists that it bought two Renoirs – After the Bath and Young Girl Reading – for a total of Y3.6bn ($25.98m) from two Frenchmen in March 1989. Japanese tax officials, though, say they have evidence of a deal worth only Y2.125bn and can find no record of the two Frenchmen entering the country. Investigators of a claimed tax deduction by Mitsubishi want more proof from the company. It said yesterday that neither the Y3.6bn price nor the alleged Frenchmen was "fictitious." The works have since been sold to a museum affiliated to a Buddhist movement.



Portrait of an artist caught unwittingly at the centre of a scandal. Lithography of Renior by Forain (1905).

The purpose of the art exhibition is to extend Japanese interest beyond the impressionists to such contemporary works as those of Francis Bacon and Jasper Johns. There is also the aim to convince Japanese that art remains a worthy, tax-deductible investment, despite a 60 per cent fall in the value of art imports to Japan in the first two months of this year.

Punters at the exhibition were amused by the works of the British duo Gilbert & George, particularly a photopiece called Flow, which shows the two men in blue suits, kneeling in a Japanese-like pose, with a red, rising sun above a hedgerow. There are two large, unexplained bare knees in the foreground.

Mr Ian Barker, representing Annely Juda Fine Art of London, said galleries did not hope for "huge sales here because that is not the way Japanese do business.

The possibilities are more in the long term." Even so, his gallery had just sold a displayed 1920 work by the Russian, Kasimir Malevich, for Y420m.

"Japan is now an enormous collector of art, and some people are looking for something a little different to the obvious. At the moment, they have a way to go in collecting western art. They are like teenage collectors," Mr Barker said.

Other gallery owners noted that the Japanese visitors tend to ask a lot of technical questions about the works.

"People want to know how the mixed-media exhibits were made, how the fabrics were blended and whether paintings that look like photographs are photographs or paintings," another British gallery representative said.

The five-day exhibition, to close tomorrow, is Japan's largest gathering of recent works, and is an attempt to create an annual art fair, with a little help from the ministry of international trade and industry here.

Japan's finance ministry estimated that imports of paintings last year totalled $3.4bn – up 66 per cent. However, Japanese activity at foreign auctions has fallen in recent months, and galleries are hoping to meet new private collectors and dealers.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Berlin	R	7	45	Caracas	F	29	84	Faro	S	17	63	Islamabad	C	29	84
Algiers	C	14	57	Biarritz	F	12	54	Casablanca	C	18	64	Florence	S	16	61	Istanbul	C	7	45
Amsterdam	F	11	52	Bombay	S	27	81	Chicago	*	–	–	Frankfurt	F	12	54	Jakarta	R	31	88
Athens	C	13	55	Bordeaux	S	15	59	Cologne	C	13	55	Geneva	S	12	54	Jersey	C	10	50
Bahrain	*	–	–	Boulogne	C	11	52	Copenhagen	C	9	48	Gibraltar	F	16	61	Johannesburg	S	25	77
Bangkok	C	34	93	Brussels	S	15	59	Corfu	R	12	54	Glasgow	R	9	48	Lima	F	26	79
Barcelona	S	16	61	Budapest	C	7	45	Dallas	*	–	–	Helsinki	C	2	36	Lisbon	S	16	61
Beirut	*	–	–	Buenos Aires	R	31	87	Dublin	R	11	52	Hong Kong	C	21	70	London	C	11	52
Belfast	R	11	52	Cairo	S	21	70	Dubrovnik	S	15	59	Innsbruck	S	13	55	Los Angeles	F	14	57
Belgrade	C	10	50	Cape Town	S	25	77	Edinburgh	R	11	52	Inverness	C	12	54	Luxembourg	S	12	54

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	17	63	Milan	S	14	57	Nicosia	S	20	68	Salzburg	S	13	55	Tenerife	F	19	66
Madrid	S	14	57	Montreal	F	-18	0	Oporto	S	17	63	San Francisco	F	9	48	Tokyo	S	11	52
Majorca	S	18	64	Moscow	F	3	37	Oslo	F	8	46	Seoul	S	6	43	Toronto	Sn	-10	14
Malaga	S	17	63	Munich	S	12	54	Paris	S	15	59	Singapore	F	29	84	Tunis	F	16	61
Malta	F	15	59	Nairobi	S	27	81	Peking	S	8	46	Stockholm	S	9	48	Valencia	S	19	66
Manchester	C	11	52	Naples	F	15	59	Prague	F	10	50	Strasbourg	S	14	57	Venice	S	14	57
Manila	C	34	93	Nassau	C	31	87	Reykjavik	F	2	36	Sydney	S	26	79	Vienna	S	10	50
Melbourne	S	20	68	New Delhi	S	20	68	Rhodes	C	17	63	Taipei	R	19	66	Warsaw	F	8	46
Mexico City		–	–	New York	S	-7	19	Rio de Janeiro	C	26	79	Tangier	S	17	63	Washington	S	-5	23
Miami	S	12	54	Nice	C	15	59	Rome	S	15	59	Tel Aviv	S	23	73	Zurich	S	12	54

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Tuesday April 2 1991

INSIDE

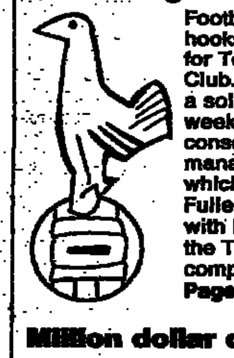
Schneider extends Square D offer

Schneider Groupe, the French electrical equipment manufacturer, has extended its tender offer until April 12 for Square D, after failing in its proxy fight for control of the Illinois electrical products maker. Mr Didier Pineau-Valencienne, the Schneider chairman, thanked those who had tendered their shares "for their overwhelming support". He also renewed his invitation to Square D's management to meet him. Barbara Durr reports. Page 22

Roller coasts to a stop

It has been an exciting few months on the Paris bourse, but the outlook is less than thrilling from now on. After a peak of just above 1,820 about a fortnight ago, the CAC 40 index has drifted back to sit at about 7 per cent below the pre-Gulf war level. Most brokers are now looking for several months of consolidation, reports William Dawkins. Page 27

Goal in sight



Football fans wait on tenterhooks for the outcome of a bid for Tottenham Hotspur Football Club. But it appears likely that a solution will be reached this week — one in favour of the consortium including team manager, Mr Terry Venables, which is making the bid. Jane Fuller reports on an interview with Nat Solomon, chairman of the Tottenham Hotspur holding company. Jane Fuller reports. Page 20

Million dollar question

The US government bond market is about to undergo a strenuous test of confidence. It must deal with the conundrum of contrasting economic signals: is recovery just around the corner, meaning an end to the Federal Reserve's easing stance, and a possible resurgence of inflation, or is the turnaround so tenuous that interest rates are set to fall still lower? Martin Dickson looks at the possibilities. Page 24

Call optimistic on bid battle

Coal and Allied Industries (Call) appears to be making progress in its campaign against a hostile takeover bid by CRA, the Australian mining group. Tony Haraldson, Call chief executive, said that Ube Industries, a Tokyo-based industrial group which is a big customer, had indicated it would reject any offer for its 14.4 per cent stake. Page 22

Market Statistics

Companies in this section

Laidlaw files suit against ADT chief

By Bernard Simon in Toronto

LAIDLAW, the Ontario-based waste management and school bus operator, has issued a lawsuit against Mr Michael Ashcroft, the chairman of ADT in an attempt to assert greater control over the Bermuda-based car auction and security group.

Laidlaw used its 28.4 per cent stake in the group to force a two-month adjournment of an ADT special meeting in Bermuda yesterday. It said the company had given shareholders insufficient information on three proposals which were to be voted on at the meeting.

Relations between the two companies have become increasingly tense since Mr Michael DeGroote, Laidlaws' founder and chief executive, resigned from the Canadian group's board and retired to Bermuda late last year. He directed Laidlaw's purchase of the ADT stake in 1989.

The groups have been encountering increasingly difficult trading conditions. ADT initially contributed 15 to 20 per cent of Laidlaw's earnings.

However, it received no return from the investment in the latest quarter.

Last month ADT announced that profits had fallen by 11 per cent in 1990 to $258m. The company also disclosed that its investments in associate companies would be a drag on profits in the current year.

Even though the company had warned in January that it would announce a profits decline, the news triggered 10 per cent fall in its share price to 102p. On Friday, the shares closed at 94p. Mr Ashcroft said last month that the company's main operating units turned in strong performances despite the difficult economic conditions, but its non-operating companies had reduced profits.

Laidlaw also indicated yesterday that it planned to nominate up to four of its representatives to an expanded ADT board. The Canadian company's only link at present with the board is the directorship held by Mr Michael DeGroote, Laidlaw's founder.

However, Mr DeGroote severed all his links with Laidlaw late last year. Details of the lawsuit filed against Mr Ashcroft were not immediately available.

Laidlaw said in a statement that it had asked the US District Court in New York to prevent Mr Ashcroft and some other ADT directors "from violating federal securities laws and requiring prompt disclosure to correct their alleged violation." Mr Ashcroft is a director of Laidlaw.

Proceedings are also being launched in Bermuda to restrain ADT and its subsidiaries from acquiring any capital stock in the company.

Mr Donald Jackson, Laidlaw's chairman, said he was disappointed that ADT had given shareholders less than 10 days to consider the proposals presented at yesterday's meeting.

They include an increase in the authorised common shares of the company, a broadening of directors' powers to allot shares, and a reverse stock split.

MBO activity at low for five years

MANAGEMENT buy-out activity in the UK fell to a five-year low in the first quarter of 1991, according to figures released by accountancy firm KPMG Peat Marwick McLintock, writes Charles Batchelor.

The value of deals in the first quarter fell to £270m ($490m), the lowest since the third quarter of 1986 when £210m-worth was completed but when buy-outs were still a novelty.

Buy-out investors expect £2.4bn worth of buy-out deals to be completed in 1991, a fall of 15 per cent on 1990. However, the firm thinks this estimate is optimistic in present market conditions.

The total for the first 1991 quarter was made up of seven large deals worth a combined £120m and an estimated £150m in smaller deals. However, this low estimate for the value of smaller deals contrasts with a more optimistic assessment of such deals published by Nottingham University's Centre for Management Buy-Out Research.

The centre said that the market for deals of less than £10m was "alive and well and growing".

Details, Page 20

Western car groups make their marque

Kevin Done, Andrew Fisher and Leslie Colitt on expansion in eastern Europe

Western carmakers have taken a big step towards completing a new map of the European auto industry.

Volkswagen, already Europe's biggest carmaker, has won virtual hegemony over the Czechoslovak motor industry with its deal last week to take control of Skoda. VW is also negotiating to take majority control of the more modest automotive operations of Bratislavske Automobilove Zavody (BAZ), in Slovakia.

VW will maintain the Skoda name and identity, and incorporate it as a fourth marque alongside the Volkswagen, Audi and SEAT brand-names. But at Bratislava, it is planning small-scale assembly of VW cars (the Passat), as well as gearboxes for the group, as it extends its influence east of the Elbe and north and south of the Danube.

VW has also made much of the running in eastern Germany. A fully-integrated 250,000-cars-a-year assembly plant is to be built at Mosel close to the antiquated Trabant factory in Zwickau. State subsidies will provide a third of the DM3bn bill.

General Motors of the US has also led the rush eastwards, helped by a strong presence in Germany through its Opel subsidiary. GM is committed to building a DM1bn, 150,000-cars-a-year plant at Eisenach, close to the out-dated Wartburg car works.

GM has also taken the lead in Hungary, where it is building an engine plant, a small volume car assembly plant and component operations.

In Poland, confusion still reigns over the future of the Warsaw-based FSO operations, which hitherto have been based on production of out-dated Fiat designs under licence.

Fiat of Italy was for a long time heading towards the same position of a virtual monopoly in Poland as VW is acquiring in Czechoslovakia. Fiat's plans for the Polish car industry appeared to have won the blessing of Polish President Lech Walesa on a recent visit to Italy, but FSO remains stubbornly keen to publicise its competing talks with GM. The US group is clearly interested in expansion into Poland, but publicly insists its discussions are only exploratory.

Under the old order, more than half of the 2m cars produced each year in eastern Europe and the Soviet Union were Fiat derivatives – under names ranging from Lada to FSO and Yugo. They were the results of production accords stretching back more than 20 years. Fiat now has a strategy aimed at dominating the modernisation of the car industries in Poland, the Soviet Union and Yugoslavia, However, its ambitions could yet be undermined by political turmoil or challenges from rivals.

In the USSR, it has embarked on a project – which it valued last year at $7bn – aimed at boosting production capacity by 900,000 cars-a-year. This is enough almost to double the Soviet Union's annual production of 1.3m to 1.4m.

A big car complex to be established on the banks of the Kama river at Yelabuga is to be developed in three stages, each producing 300,000 cars a year.

Fiat is set to play a leading role in all three phases, providing the industrial leadership for the production in the Soviet Union of three separate car ranges, and the technology to produce 900,000 engines and gearboxes a year.

It is taking a 30 per cent equity stake in one of three phases of the project, its first direct financial exposure in the Soviet Union.

While the dice have been rolled in eastern Europe, western carmakers are resigned to a long wait to see if they have placed the right bet.

GM warned recently that as well as the opportunities there were also "many staggering challenges and the payback may be slow in coming". Sales, service and distribution networks are virtually non-existent in a western sense.

Mr John Rhame, GM vice president for international export, says: "We have visited some dealer candidates who have facilities as large as a factory and who employ as many as 2,000 people, yet they may take four to six months to get a car repaired.

"In some cases, customers pay in advance so that the garage can purchase the parts from the factory to carry out the repairs.

As Volkswagen's commitments grow, it has to be optimistic. "As country after country in the eastern bloc forsakes planned Marxist economies for free markets, those of us in the automotive industry see potential for substantial growth," insists Mr Hans-Jorg Hungerland, sales director of the newly-created board of management for the Volkswagen brand.

By winning Czech government approval to take control of Skoda, VW has gained access to a tradition of industrial skill and innovation that once matched Germany's. Czechoslovakia's engineering tradition was stultified by 40 years in the Soviet bloc, but not snuffed out.

That is one reason why VW thinks it is worth investing DM1.4bn for a 70 per cent stake by 1995 and backing a DM9bn, 10-year investment programme to develop new Skoda models and double production to 400,000 cars a year.

For the Prague government, the VW-Skoda link represents the first successful privatisation of a big state industrial concern. It means that more than 700 years of close cultural and economic ties between Germans and Czechs in Bohemia (where Skoda is located, in the grimy industrial town of Mlada Boleslav) are again coming to the fore.

VW's desire to join up with Skoda also reflects its desire for an extra marque in the increasingly variegated western European car markets.

It intends to add larger vehicles – similar in size to its Golf and Passat cars – to the Skoda range. this will make Skoda more attractive to customers and dealers and cover a bigger slice of the market. VW will then be able to offer a broader, improved array of Skodas to consumers in eastern Europe who should by the late 1990s be reaping the benefits of more dynamic economic growth.

"Skoda is seen as a very solid car in the east," says Mr Volkhard Köhler, the VW planning director closely involved in discussions with the company. "We want to improve its image, give it a bit more pep and sportiness, and get away from the image of a monopoly supplier. East German cars were the symbols for a detested regime. That is not true of Skoda."

VW is taking on quite a task. Much of the Skoda plant needs expensive attention. The assembly line, at the end of which a foreman now greets foreigners with a cheery "Guten Tag", is modern and equipped with robots. But the foundry, where prisoners were employed until a year ago, and the paintshop need improving. Of the present 22,500 employees, about 16,000 will be left after child-care centres, holiday homes, repair shops, and other non-production facilities are shed. "We want to double the output with the same number of workers," says Mr Kohler.

Economics Notebook

Critics bow to 'Mr Triple Trouble'

MR YASUSHI Mieno, the governor of the Bank of Japan, has silenced his critics. A year ago, there was no lack of people in Tokyo ready to accuse Mr Mieno of going over the top in his pursuit of sound money. The criticisms verged on personal abuse, with some stockbrokers dubbing him "Mr Triple Trouble", in a Japanese word-play on his name.

Today, virtually nobody challenges Mr Mieno's argument that the pressure on credit had to be tight to squeeze out the excesses generated by the easy money policies of his predecessor. These had pumped up the value of stocks and land to unsustainable levels. Mr Mieno's fears that inflation in financial assets might trigger inflation in the economy – which were ridiculed by some at the time – have proved amply justified. The consumer price index is rising at an annual rate of more than 3.5 per cent, compared with less than 1 per cent in the mid-1980s.

Moreover, the concern that Mr Mieno's policies would cause widespread bankruptcies among financial companies has also turned out to be greatly exaggerated. Some property developers and their creditors have indeed gone bust, but the system as a whole has survived. The fact that the Nikkei index stands 30 per cent above its low suggests that investors believe the worst is over.

Mr Mieno's success puts him in a very strong position to decide what to do next. There is now growing speculation that he is already preparing an interest rate cut. However, there is also plenty of evidence – not least the governor's past record in ignoring speculation about his intentions – that Mr Mieno may wait longer than some investors expect.

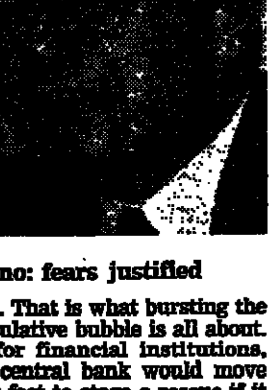
After the successive increases of the last two years, the Official Discount Rate stands at 6 per cent against the 2.5 per cent of early 1989. The growth in the money supply has collapsed from a peak annual rate of more than 13 per cent to 5.4 per cent in February. Some industries are beginning to slow sharply, notably automotive, which have seen car sales drop for six months in a row. Some business leaders have already called for a reduction. The campaign is expected to begin in earnest as soon as annual wage negotiations are complete by mid-month.

However, Mr Mieno shows every sign of holding firm. He emphasises that areas of weakness in the economy are matched by areas of continuing strength. In particular, capital spending on plant and equipment is holding up better than anyone predicted in the face of high interest rates.

Moreover, the dangers of keeping an over-tight grip on monetary policy are much less than in Europe or North America. Japan does not slip easily into recession, as the state of the economy shows. Despite the central bank's best efforts to slow things down, real GNP grew by about 5 per cent on the financial year to last month. The government's forecast for 1991-92 is 3.8 per cent, a figure not challenged by the Bank of Japan.

If the economy slowed too much, it would not be difficult for the authorities to jump-start it with a boost to public investment. The money would not be wasted given Japan's continuing need for better transport and housing.

There is some risk that prolonging the period of high interest rates will increase the chances of further serious bankruptcies among property companies and possibly some of their creditor banks. However, the central bank believes over-extended speculative investors deserve to go to the



Mieno: fears justified

wall. That is what bursting the speculative bubble is all about. As for financial institutions, the central bank would move very fast to stage a rescue if it felt the stability of the system as a whole was in doubt.

In any case, central bank officials rightly sense that the bad habits developed during the speculative boom still linger. For example, stockbrokers report that some of the investment syndicates active in cornering shares in the late 1980s have sprung into life again during the market's rally this year. More importantly, some cash-rich investors are hovering around the property market in the hope of making quick gains from distressed sellers. Such a development is perfectly natural. But if it results in a return to unsustainably high levels, then Mr Mieno will have no choice but to tighten the screws again.

Even once it starts cutting rates, the central bank may not be able to go very far. Some of the upward pressure on prices is coming, not from cyclical, but from secular changes in the economy. Japan is running short of labour. The ratio of vacancies to job seekers at 146:100 is the highest for 17 years. The Japanese population is ageing – by 1995 the number of people of working age will start falling.

By employing more old people and more women, and a handful of immigrant workers, employers will plug some gaps. They will also continue to invest in more machinery. But this may not be enough.

So far, employers have managed to prevent labour shortages from leading to general wage increases. Since the economy entered its latest growth phase in the mid-1980s, real wage increases have consistently failed to keep pace with economic growth. Workers, mostly organised in company unions, find it difficult to apply real pressure to an employer.

But temporary, part-time workers and others not bound by corporate loyalties, have secured large increases. In central Tokyo, some restaurants and bars cannot recruit staff even by offering Y1,000 ($7) an hour when the going rate three years ago was Y600. By working on temporary contracts, some skilled building workers command Y40,000, more than double the amount they might get as permanent employees.

Finally, there are international considerations. The central banks' failure to stem the surge in the US dollar has made it more difficult for Mr Mieno to cut interest rates. He must also reckon with the possibility that the Bundesbank may raise rates to support the D-Mark and contain domestic inflationary pressures.

Just as Japan and Germany were slow to follow the US into the economic slowdown, so they may be tardy in starting the monetary easing which comes once the downturn is in train. That, in turn, means that credit could be scarce around the world for a while longer.

Stefan Wagstyl

Bidders come forward for BNE

By Karen Zagor in New York

THE ASSETS of the failed Bank of New England (BNE), once the second-biggest bank in New England, have tempted four bidders, despite continuing concern about recession in New England.

The Federal Deposit Insurance Corp (FDIC) has received bids for all of BNE – declared insolvent and seized by regulators in January – from BankAmerica, Bank of Boston and a joint bid from Fleet/Norstar Financial Group and Kohlberg, Kravis, Roberts, the leveraged buy-out group. In addition, a small investor group from Maine has placed a bid for BNE's subsidiary in that state.

The FDIC will announce the winning bid on April 16. The government bail-out is expected to cost at least $2.3bn, and some FDIC officials believe that the agency will have to assume more than $6bn in bad assets.

It is unlikely that the FDIC will split up the bank, and its will probably go to the highest bidder. However, the agency said it would also take into consideration the financial health and available capital of the bidders.

Friday was the deadline for offers on BNE, and it is now too late for the contenders to increase their bids. However, FDIC officials said the agency might need to clarify the bids or ask bidders to consider additional facts which might lead to changed offers.

BNE's operations include 328 branches in Massachusetts, Connecticut and Maine. Its assets are estimated at $20bn.

MBO activity at five-year low

By Charles Batchelor

MANAGEMENT buy-out activity in the UK fell to a five-year low in the first quarter of 1991, according to figures released by accountants KPMG Peat Marwick McLintock.

Value of deals in the first quarter fell to £270m, the lowest since the third quarter of 1986 when £210m worth was completed but when buy-outs were still a novelty.

In the whole of 1991 buy-out investors expect £2.4bn worth of buy-out deals to be completed, a fall of 15 per cent on 1990, though in the light of present market conditions this estimate seems optimistic, Peats said.

There have been only seven buy-outs worth more than £10m each so far this year, compared with 57 in the whole of 1990, Peats said. The largest of these was the £35m buy-out of Reedpack Plastics which would have ranked only thirteenth in the listings in 1990.

The total for the first 1991 quarter was made up of the seven large deals worth a combined £120m and an estimated £150m worth of smaller deals. However, this low estimate for the value of smaller deals (compared with £180m in each of the four 1990 quarters) contrasts with a more optimistic assessment of such deals published by Nottingham University's Centre for Management Buy-Out Research.

The centre said that only a handful of large deals were completed in the first quarter of 1991 but the mainstream market – for deals of less than £10m – was "alive and well and growing." Overall the level of buy-out activity was significantly higher than in the last quarter of 1990, it added.

Peats said that the reasons for the decline in the number of larger deals were a number of failures of buy-out companies and a sharp reduction in the willingness of banks to lend to management buy-out teams. Six per cent of buy-outs have failed, most of them in the past year and banks have increased their provisions for other possible failures, Mr David Carter of Peats said.

Two years ago banks were prepared to make loans of six times the value of equity in a buy-out deal but in many cases they were now prepared to lend on a ratio of just 1:1. At the peak of the market in 1988-89 foreign lenders accounted for 60 per cent of loans to UK buy-outs but this has fallen to just 40 per cent, he added.

The Nottingham Buy-Out Centre said its final figures for 1990 showed the total of buy-out and buy-in activity was £3.2bn, sharply lower than the record £7.5bn of the year before. The number of buy-outs rose by a quarter however – because of the larger number of small deals – to 465.

The centre, which compiles more detailed figures on the small deals than Peats, said 88 buy-outs/buy-ins failed in 1990, compared with 32 in 1989.

Mr Carter identifies another factor behind the downturn: "At the peak of the market in 1988-89, about 60 per cent of debt investors came from overseas. But since August 1989 many of them have gone home: the Japanese and North Americans to handle domestic concerns on capital ratios; and to a lesser extent the Continental Europeans, with West Germany pre-occupied with East Germany and with the fear that rebuilding the Gulf will pre-empt much of the project finance. Recently less than 40 per cent of the debt has come from overseas."

Widney loss deepens to £1.62m

Losses at the pre-tax level deepened at Widney, the Birmingham-based engineering group which was the subject of a management buy-in in February 1989, in the year to September 30 1990.

Previously the deficit had been £1.2m, but with interest charges rising from £594,000 to £928,000, it worked through at £1.62m this time.

Turnover slipped to £18.49m (£19.68m). There is no dividend (0.5p) and losses came to 5.51p (10.23p) on increased capital.

The company said that the operating loss in the second half – £267,000 – was a marked improvement on the £420,000 of the first six months.

Vickers chairman gets 20% pay rise

The salary of Sir David Plastow, chairman and chief executive of Vickers, the engineering group which makes Rolls-Royce motor cars and Chieftain tanks, increased by 20 per cent from £406,996 to £486,562 last year.

Vickers increased its pre-tax profits by 15.4 per cent to £96.5m in the year to December 31 and its earnings per share rose by 15.5 per cent.

Attwoods purchase via placing

By Richard Gourlay

ATTWOODS, the international waste management group, has acquired an option to buy Ebenezer Mears, a quarrying and landfill company, for £20.26m to be financed through the issue of new shares.

The Buckinghamshire-based company, which generates 75 per cent of its sales in the US, is also seeking to move its US quotation from NASDAQ to the New York Stock Exchange.

The company said it intends to exercise the option during April. It will issue up to 18.4m new ordinary shares, which will be placed in ADR form with US institutions.

Proceeds of the issue in excess of the purchase price will be used to reduce US debt, halving the group's overall gearing to about 30 per cent.

Mears, based in Surrey and Hampshire, is involved in sand and gravel mineral extraction, owns three solid-waste landfill sites and operates waste collection vehicles.

Attwoods said the acquisition would enhance its position in sand and gravel markets in south-east England and increase its landfill capacity. Mears' mineral reserves of 18m tonnes adds nearly 50 per cent to Attwoods' reserves.

Mears made pre-tax profits of £1.02m in 1989 and unaudited profits of about £500,000 £0.5m for the first 10 months of 1990.

Setback at Bilston & Battersea

A sharp downturn in the final quarter left taxable profits at Bilston & Battersea Enamels down 41 per cent from £565,000 to £336,000 in 1990, on turnover virtually unchanged at £4.83m.

Directors of the USM-quoted group said the UK market was the most severely affected with sales in the last quarter down 30 per cent on the corresponding period. Cost-cutting measures were implemented which helped contain cash flow to leave a neutral cash position at the year end.

Earnings per share worked through at 5.1p (8.6p) and the final dividend is cut to 1.25p reducing the total to 3p (4.75p).

AAH closes data division

By Clare Pearson

AAH Holdings, the healthcare and building supplies group, is closing down a division which sells medical data to pharmaceutical companies at a cost of some £12m.

The announcement follows the rescue mounted for Vamp Health, AAH's privately-owned rival in the field of selling patient data compiled on general practitioners' computers.

Last month family doctors agreed to accept substantially lower payments from Vamp for their information.

Since it was launched in 1987, the data business had absorbed significant resources, AAH said. A recent review had shown recovery of those costs was unlikely within an acceptable timetable.

In future the Meditel division would be concentrating on suppling computer hardware and software to general practitioners.

When announcing interim results last November, AAH said progress was slow on the medical data side. Sale of product licenses enabled the Meditel division to avoid a loss and put £11.6m to trading profits.

Overall, AAH's pre-tax profits were static at £16m for the six months to September 1990.

Intl Resort sells nursing homes side in £13.7m deal

By Clare Pearson

International Resort Holdings plans to sell its nursing home business and a freehold property in Kensington for an aggregate consideration of £13.7m cash, and concentrate on its golf course development and leisure and hotel management operations.

The Lodge Care division of 14 nursing homes is being sold for £12.5m to a company partially owned by its management. The Kensington property, 17 Vicarage Gate, is being bought for £1.86m by Swift Spedition, a company controlled by a former director of International Resort.

International Resort will apply £9m of the proceeds to repayment of loans on the nursing homes and property.

Lodge Care incurred a pre-tax loss of £12,000 for the six months to end-September 1990 on turnover of £2.95m. The book value of the assets in accounts to that date was £8m.

International Resort also said it had recently entered into management agreements for four hotels in Brighton. The group made pre-tax profits of £1.65m in the last interim period.

Garton Engineering declines by 37%

Garton Engineering experienced an improved second half but still reported a 37 per cent contraction in taxable profits for 1990.

The West Midlands-based company saw profits drop from £1.58m to £1m on turnover of £22.93m (£23.87m). The sales fall partly reflected a fire in December which destroyed manufacturing and distribution units at Wednesbury.

Earnings per share emerged at 17.06p, down from 27.85p last time, but the dividend is maintained at 7p via an unchanged final of 5.25p.

Plasmec profits halved to £0.32m

Plasmec, the USM-quoted maker of products for the telecommunications, electronic and mechanical systems and luxury gift markets, reported halved pre-tax profits in 1990.

Mr John Crosse, chairman, said that sales increased from £10.48m to £11.24m in "difficult trading conditions", but operating costs were 13 per cent higher at £10.69m (£9.46m) and the taxable result fell from £664,220 to £317,575.

Earnings per share worked through at 5p (9.6p) and directors recommended a cut in the final dividend to 1.8p (3.2p) for a 3.6p (5p) total.

Eglinton reduces losses to I£155,000

Pre-tax losses at Eglinton Exploration, the Dublin-based oil exploration and production group, totalled I£155,000 (£139,000) in 1990, against I£192,000 the year before.

Revenues came to I£1.1m (I£897,000) and losses per share worked through at 2.4p (2.9p). There was an extraordinary loss of I£266,000 (I£1.14m) arising from the disposal of the South Comstock mine in Nevada.

Net asset value down at Murray Ventures

The net asset value of Murray Ventures, an investment trust, stood at 272.2p per share at January 31 1991, down from 366.2p a year earlier.

Net revenue for the six months to end-January amounted to £1.23m (£1.3m) and earnings per share worked through at 4.98p (5.87p).

The interim dividend is lifted by 0.15p to 3.4p.

Norton shares suspended at 18p

By Jane Fuller

SHARES IN Norton Group, the engineering concern that includes the famous motorcycle marque, were suspended at 18p last Thursday because of a delay in publishing its results for the six months to October 31.

The group, which is being investigated by the *DTI*, said the suspension did not indicate financial difficulty. Mr David Gnodde, finance director, said Norton's £15.5m debt in April last year had been reduced by a £5m property sale and some cash from a 15-for-4 rights issue which raised £6.5m, at 20p a share.

Most of the money from that problematic issue was, however, needed to complete the controversial £8.2m purchase of a German fasteners maker from a Channel Islands trust company set up to benefit the offspring of Norton's chairman, Mr James Tildesley.

Mr Gnodde said the results would include that acquisition through merger accounting. Pro forma net assets, for instance, would rise to £6.6m. Gathering all the figures together had caused the delay.

The results for the six months to October 31 should have been released at the end of February. They have been put back to the end of this month, when they will be virtually six months out of date.

Norton made a pre-tax profit of £860,000, after a £1.2m property-related gain, in 1989-90.

The group is negotiating the appointment of a chief executive following the recent departure of Mr Philippe Le Roux. Norton has only two executive directors at present: Mr Gnodde and Mr Tildesley, who is acting chief executive.

It is also in the hunt for new merchant bankers, after the resignation of Robert Fleming, and new brokers to replace TC Coombs, which went into receivership recently. Coombs underwrote Norton's rights issue and there was a delay in making the final payments.

Carlton buys 3% of Rambo film producer

By Raymond Snoddy

MR MICHAEL Green, chairman of Carlton Communications, has bought a $14m (£8m) slice of ultra-violence.

Carlton, the television services and production company, has bought more than 1m shares, some 3 per cent, in Carolco Pictures, the US independent film producer, renowned for box office hits such as the Rambo and Terminator series.

Ironically, if Mr Green is successful in his bid for an ITV franchise it is highly unlikely he would be able to broadcast films such as Rambo in their original form. They are considered too violent.

Carlton joins Canal Plus of France and Pioneer Electronics of Japan as corporate investors in Carolco – which made revenues of $250m in the 12 months to end-September 1990.

The two companies are likely to work together to expand their film, television and video businesses, particularly in Europe.

Technicolor, Carlton's film and video duplication subsidiary, has also signed a seven year exclusive agreement with Carolco and its affiliates for film processing requirements for both film and television. The Carolco group is expected to release 10 films this year.

Mr Peter Hoffman, president of Carolco, said that apart from the processing deal "we anticipate there will be additional opportunities for our two companies to work together as we expand our global presence."

Venables consortium bid likely to go ahead

By Jane Fuller

THE TAKEOVER bid for Tottenham Hotspur Football Club by a consortium including team manager, Mr Terry Venables, seems likely to go ahead this week.

Mr Nat Solomon, chairman of the holding company since January, said in a radio interview yesterday: "The Terry Venables consortium proposition is one we are looking at seriously. There are still one or two technical problems. The consortium seems to be confident that it can satisfy us on these problems and, if so, I can see no reason why the deal should not go through."

Mr Tony Berry, the former chairman of Blue Arrow who owns eight per cent of the Tottenham shares, said he was partly responsible for bringing the two sides together. The money for the Venables consortium was certainly there and was coming from sources provided by Mr Larry Gillick. He would not elaborate on these sources.

Both Mr Solomon and Mr Gillick said they hoped a solution could be found to Tottenham's financial problems – the club owes £10m in bank debts alone – without selling England international Paul Gascoigne.

Inishtech makes I£6.2m and pays 5p

Inishtech made taxable profits of I£6.21m (£5.58m) in 1990. In the nine months to December 31 1989 profits were I£2.82m.

This Dublin-based company makes disposable products, mainly tissue and paper-based, and polystyrene packaging products.

Sales in the 12 months came to I£33.63m (I£17.88m for nine months) and, after tax of I£941,000 (I£688,000), fully diluted earnings per share doubled to 33.3p (16.6p). A dividend of 5p (nil) was recommended.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Jenbacher Werke (Austria)	Telfos (UK)	Engineering	£14.1m	Jenbacher ups stake to 29.99 per cent
Sage (UK)	DacEasy (US)	Computer software	£9.5m	A first for Sage
Glaverbel (Belgium)	Sklo Union (Czechoslovakia)	Glass production	£27m	First finalised Czech privatisation
PPG Industries (US)	Canada unit of ICI (UK)	Vehicle paints	n/a	ICI withdraws from N American sector
Sears (UK)/Group Andre (France)	Joint venture	Retailing	n/a	Big pan-Europe move for Sears
Carlsberg (Denmark)	Unicer (Portugal)	Brewing	n/a	Carlsberg + assocs take 53 per cent
Iberia (Spain)	Ladeco (Chile)	Airline	n/a	Iberia expanding LatAm network
Asea Brown Boveri (Sweden/Switzerland)	Bergmann-Borsig (Germany)	Power plant equipment	n/a	ABB's 3rd (major) east German buy
JCB (UK)/Sumitomo Construction Machinery (Japan)	JCB-SCM (jv)	Construction equipment	n/a	JCB's first such jt venture
Elsevier (Holland)	Pergamon Press (UK)	Publishing	£440m	Sale cuts Maxwell debt

Source: FT Mergers & Acquisitions International

DEN NORSKE STATS OLJESELSKAP A.S. (STATOIL)
FF 750,000,000
Floating Rate Notes due 1993

In accordance with the terms and conditions of the Notes notice is hereby given that the Rate of Interest for the Interest Period 28th March 1991 to 28th June 1991 has been fixed at 9.5625% per annum. The interest payable on the relevant Interest Payment Date, 28th June 1991, will be FF2443.75 per FF100,000 Note and FF244.38 per FF10,000 Note

Banque Nationale de Paris p.l.c.
Reference Agent

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 31.03.91: Pool purchase price £/MWh	Final Prices for Trading on 03.03.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	21.25	15.30	16.30
[illegible]	[illegible]	[illegible]	[illegible]

1/2 hour period ending	Provisional Price for Trading on 01.04.91: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.73	15.93	15.93
[illegible]	[illegible]	[illegible]	[illegible]

1/2 hour period ending	Provisional Price for Trading on 02.04.91: Pool purchase price £/MWh	Final Prices for Trading on 05.03.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.90	15.93	15.93
0100	15.81	16.63	20.61
[illegible]	[illegible]	[illegible]	[illegible]

Prices are determined for every half-hour in each twenty-four hour period. ... England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

SIEMENS

Notification of Dividend

The Annual Shareholders' Meeting of Siemens AG on March 28, 1991, has resolved to distribute the net income of DM 678,174,939 for the financial year 1989/90, and has approved the payment of a dividend of DM 13 per share of DM 50 par value of the capital stock entitled to a dividend. The amount attributable to treasury stock, a total of DM 298.584, shall be carried forward.

Against submittal of Dividend Coupon No. 35 at the paying agent listed below, the following payment will be made:

Per share of DM 50 par value	DM 13.00
less 25% capital yield tax	DM 3.25
	DM 9.75

In accordance with the U.K.-German Double Taxation Treaty of November 26, 1964, as amended in the protocol of March 23, 1970, the German capital yield tax is reduced from 25% to 15% for shareholders resident in Great Britain. To claim this, shareholders must submit an application for refund to the Bundesamt für Finanzen, Friedhofstraße 1, D-5300 Bonn 3, by December 31, 1995.

In London payment will take place through the following bank:

S.G. Warburg & Co. Ltd.
Paying Agency, 2 Finsbury Avenue, London EC2M 2PA.

Berlin and Munich, April 2, 1991

Siemens Aktiengesellschaft
The Managing Board

COMPANIES AND FINANCE

Schneider loses proxy fight but extends Square D offer

By Barbara Durr in Chicago

SCHNEIDER Groupe, the French electrical equipment manufacturer, has extended its tender offer until April 12 for Square D, after failing in its proxy fight for control of the Illinois electrical products maker.

The French company said that Square D shareholders had tendered 15.46 common shares, which with Schneider's own stake of 318,000 shares represented 68.9 per cent of the US company's total outstanding common shares. Another 160,202 convertible preferred shares under the employee stock ownership plan were also tendered.

Schneider's initial tender offer of $78 per share, or $1.9bn in total, ran out last Friday. The number of shares tendered was slightly above expectations. Mr Didier Pineau-Valencienne, the Schneider chairman, thanked those who had tendered their shares "for their overwhelming support". He also renewed his invitation to Square D's management to meet him.

Although Square D has its headquarters in Illinois it is incorporated in Delaware, where state law requires that hostile bidders obtain at least 85 per cent of the votes of common shares.

Square D said that it was not surprised by Schneider's extension of its tender offer. It urged shareholders not to tender their shares, and asked those who had to withdraw them.

Both companies have waged a bitter public campaign for shareholder favour. Also, Square D is pursuing a private anti-trust lawsuit against Schneider and has won significant US congressional backing for a US Justice Department anti-trust review of the bid.

In February, after the collapse of more than two years of joint venture and merger talks between the two companies, a Schneider $1.9bn bid for the company was rejected by Square D management.

The US company said it wanted to remain independent and that, in any case, the Schneider offer was inadequate. An undeterred Mr Pineau-Valencienne has since waged a hostile proxy contest.

Square D is a world leader in electrical and industrial control products and had 1990 sales of $1.65bn.

MGM-Pathe to resist court bankruptcy move

By Karen Zagor in New York

MGM-PATHE, the debt-burdened Hollywood studio formed last November when MGM was acquired for $1.3bn by Mr Giancarlo Parretti, the Italian financier, has come under pressure from a group of disgruntled creditors who are trying to force the company into involuntary liquidation under Chapter 7 of the federal bankruptcy code.

According to the court filing, MGM owes the creditor group, including Mr Roger Corman's Concorde-New Horizons, about $10m. Other creditors may join the petition.

MGM-Pathe said the filing was unwarranted and that it would vigorously resist being forced into Chapter 7. The company said it had been paying its creditors and was in the process of obtaining additional financing to strengthen its financial position.

In late March, MGM-Pathe reached a tentative agreement for a $250m line of credit from Crédit Lyonnais of France. But the studio has been so short of cash that in February it halted the release of a film because it could not fund the $7m promotional budget.

US Shoe $31m in the red after $90m charge

By Nikki Tait

US SHOE, the large footwear, fashion and optical retailer, yesterday reported a $31.3m loss after tax for the year to February 2, after taking a $90m restructuring charge. In the previous year, it made a $49.2m profit.

Even without the charge – which covers the cost of previously-announced footwear plant closures and a general reorganisation of this business – US Shoe saw a sharp fall in profits. Operating earnings, before this expense, fell from $113.1m to $67.7m in the 12-month period, and from $47.7m to $8.6m in the final three months. Sales for the 12-month period were $705.5m against $758.3m.

US Shoe said that its Lenscrafters optical chain was hit by the downturn in the economy, after a good first quarter, while the footwear business – which encompasses manufacturing as well as retailing – also suffered from general destocking by retailers in the second half.

Pernod Ricard beats forecast with 14% rise

By George Graham in Paris

PERNOD Ricard, the French drinks group, has reported net profits for last year of FFr1.1bn ($190m) on sales of FFr14.7bn.

The figure compares with net profits of FFr1.45bn in 1989, but if exceptional earnings are excluded Pernod's net profits advanced by 14 per cent to FFr891m, better than the 10 per cent increase the company had forecast.

Pernod's results for 1989 included a large exceptional profit on the sale to Coca-Cola of its Coke bottling subsidiaries, estimated at more than FFr650m after tax. Last year, the group also recorded an exceptional profit on the sale of its Besserat de Bellefon champagne subsidiary, but this is estimated at only a little more than FFr200m after tax.

Pernod said the main reason for the strong improvement in operating earnings was the advance at its spirits division.

Canal+ turns in 20% surge to FFr910m

By William Dawkins in Paris

CANAL +, Europe's oldest pay television channel, reported a near 20 per cent increase in last year's net profits and forecast a rise of at least 10 per cent in earnings for 1991.

Canal +, which specialises in screening box office films only a year after release, saw net attributable profits rise from FFr761m to FFr910m in 1990, its sixth year of operation, and expects earnings to exceed FFr1bn in the current 12 months.

Turnover rose 15.8 per cent last year, to FFr6.13bn from FFr5.29bn in 1989, and the company forecast it would reach FFr6.8bn in 1991. Operating profit rose by 23.7 per cent, to FFr1.67bn last year from FFr1.35bn in 1989.

The Gulf war had no effect on business, said the company, which also expects a 10 per cent increase in the number of subscribers this year.

Carl Icahn: delaying route sale might kill airline

Transport department to decide TWA's fate

By Nikki Tait in New York

THE FUTURE of Trans World Airlines, the heavily-indebted international carrier owned by Mr Carl Icahn, is likely to be sealed this week when the Department of Transportation rules on its proposed sale of routes into London's Heathrow airport to American Airlines.

The deal is being strongly opposed by TWA's unions, which linked formally with Mr Kirk Kerkorian's Tracinda Corporation on Friday to pursue a bid for the airline.

The three largest unions – the machinists, pilots and flight attendants – have signed agreements with Tracinda, giving Mr Kerkorian's private company potential wage and contract concessions worth $137m a year. Tracinda has agreed to invest $250m of its funds if a buy-out offer goes ahead.

However, in a submission to the transport department, the would-be bidders have made clear that the retention of TWA's London routes is a precondition for any offer. These are seen as the airline's "crown jewels", and the carrier's structure will change radically if the routes are sold off.

Yesterday, the department said it expected to rule on the matter this week. Its initial suggestion was that the sale of TWA's three main London routes – between Heathrow and Los Angeles, Boston and New York – to American should go ahead. Two other routes should be put up for auction, and one – to St Louis, TWA's main hub – should be retained. However, the department asked for comments, and its options are now wide open.

During the weekend, Mr Icahn, who owns 90 per cent of TWA, suggested that the carrier's cash needs were acute, and that delaying the sale might endanger the airline.

However, he has not ruled out talking to the bidders, which have not yet lodged a formal approach. American Airlines has threatened legal action if the sale falls through.

Clal up strongly after shake-up

NET PROFITS at Clal, Israel's biggest private industrial group, jumped to Shk35.5m ($17m) last year from Shk300,000 in 1989 after the company closed its overseas trade division and reduced its stake in key subsidiaries, excluding them from the consolidated results, writes Hugh Carnegy in Jerusalem.

Clal, mainly owned by Bank Hapoalim and the Israel Discount Bank group, has interests ranging through construction, electronics, defence contracting, textiles and financial services.

Sales in 1990 were down to Shk1.9bn from Shk2.9bn as a result of the restructuring.

Shareholders back coal group's fight against CRA bid

By Kevin Brown in Sydney

COAL and Allied Industries (Cail) appears to be making progress in its campaign against a A$437m (US$338m) hostile takeover bid by CRA, the Australian mining group which is 49 per cent-owned by RTZ of the UK.

Mr Tony Haraldson, Cail chief executive, said that Ube Industries, a Tokyo-based industrial group which is a big customer, had indicated it would reject any offer for its 14.4 per cent stake.

Nissho Iwai Corporation, another Japanese customer which owns 7.5 per cent of Cail, is also understood to have indicated that it regarded its holding as a long-term investment and would not sell.

And Bankers Trust, which owns 8 per cent of the company, has said it believes the CRA offer has been pitched too low. Cail shares closed at A$8.20 in Sydney before the Easter break, indicating that the market thought CRA would be forced to increase its offer.

CRA said in a document filed with the Australian Stock Exchange that it intended to continue the existing business without big changes or redeployment of assets.

The group also supported Cail's moves to reduce costs by closing or selling non-performing assets and reviewing productivity and the efficiency of equipment.

CRA owns 14.4 per cent of Cail, but would require approval from the Foreign Investment Review Board to conclude the takeover because of its link with RTZ. Cail produced 11m tonnes of steaming and soft coking coal last year from its Hunter Valley mines in New South Wales. About 70 per cent of output is sold to Japan.

Bond Corp in A$298m loss despite asset sale

By Kevin Brown in Sydney

BOND Corporation, Mr Alan Bond's quoted flagship, lost a net A$298.2m (US$224m) in the three months to December, in spite of attempts to reconstruct the group through the sale of assets.

The loss compares with one of A$758m for the six months to December 1989, and a loss of A$2.25m for 1990, later revised to A$1.1bn following the sale, after the balance date, of the group's brewing subsidiary.

The accounts showed that Bond Corp wrote off A$86.8m in loans to Dallhold Investments, Mr Bond's private family company, during the latest period. The group also included an unrealised foreign exchange loss of A$108m.

Bond Corp said its total debts stood at A$3.89bn at the end of the period, or A$2.05bn if the debts of subsidiary companies for which Bond is not directly liable are excluded.

Turnover fell to A$466m from A$3.7bn in the previous six-month period, with most of the remaining revenue contributed by G. Heileman Brewing, the US brewing company.

Bond Corp received some good news on Thursday when the Western Australia supreme court gave it the go-ahead to call meetings of shareholders and bondholders to approve a scheme of arrangement negotiated with its creditors.

The scheme of arrangement will allow creditors, mostly European bondholders, to convert their debt to equity. Bond Corp executives say the scheme could return between 20 and 25 cents in the dollar if it is allowed to proceed.

Pargesa Holding net earnings at SFr198m

By William Dullforce in Geneva

PARGESA HOLDING, the Swiss investment company controlled by Mr Albert Frère, the Belgian businessman, and Mr Paul Desmarais, chairman of Canada's Power Corporation, has disclosed net consolidated earnings of SFr197.9m ($138m) for 1990 and proposes to pay an unchanged dividend.

The consolidated result contrasts with the SFr4.6m posted for the previous year, when Pargesa wrote off a SFr200.6m loss on its 13 per cent stake in Drexel Burnham Lambert, the New York investment bank which collapsed in 1989.

Pargesa maintained its dividend for 1989 after reporting a net income of SFr80.1m or SFr69.2 per share in its statutory accounts.

The holding company proposes again to pay an unchanged dividend for 1990 of SFr65 per share after posting a statutory net profit of SFr86m or SFr70.5 per share.

Last year was marked by the resignation as chairman and chief executive of Mr Gérard Eskénazi, the French banker who took over Pargesa in 1981 in partnership with Mr Frère, in order to rescue Banque Paribas Suisse from the nationalisation of its French parent, Compagnie Financière Paribas.

Having accumulated more than 50 per cent of the voting rights in Pargesa, Mr Frère and Mr Desmarais have pooled their stakes in a jointly owned Dutch holding company, Pargesa Joint Co. Pargesa Holding owns 38 per cent of Groupe Bruxelles Lambert, Belgium's second largest holding company, headed by Mr Frère.

BASE LENDING RATES

	%		%		%
ABN Bank	12½	Co-operative Bank	12½	Nat. Bk. of Kuwait	13½
Adam & Company	12½	Coutts & Co	12½	NatWestminster	12½
Allied Trust Bank	12½	Cyprus Popular Bk	12½	Northern Bank Ltd	12½
AIB Bank	12½	Dunbar Bank PLC	12½	Nykredit Mortgage Bank	13
● Henry Ansbacher	12½	Duncan Lawrie	12½	Provincial Bank PLC	15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CL Bank Nederland	12½	Hongkong & Shanghai	12½		
● Charterhouse Bank	12½	● Leopold Joseph & Sons	12½		
Citibank NA	12½	Lloyds Bank	12½		
City Merchants Bank	12½	Meghraj Bank Ltd	12½		
Clydesdale Bank	12½	McDonnell Douglas Bk.	12½		
Comm. Bk. of London Plc	12½	Midland Bank	12½		
		Mount Banking	13		

● Members of British Merchant Banking & Securities Houses Association.

2nd April, 1991

Notice of Annual General Meeting of Shareholders

JBB

LIQUIBAER

Julius Baer U.S. Dollar Fund Limited

(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, Cayman Islands, on the 25th day of April, 1991 at 11 a. m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1990 and the reports of the Directors and Auditors.
2. To ratify the acts of Directors.
3. To appoint Auditors and authorize the Directors to fix the Auditors' remuneration.

By order of the Board Liquibaer, Julius Baer U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder holding registered shares is entitled to attend, vote and appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the company.

A shareholder holding bearer shares is entitled to attend and vote. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the Meeting of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against written receipt, which must be produced at the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agents listed below.

There are no service contracts in existence between the Company and any of its Directors and none are proposed.

Participating shares are listed on the London Stock Exchange and particulars of the Company are available in the Extel Statistical Service.

2nd April, 1991

Secretary and Registrar:
Julius Baer Bank and Trust Company Ltd.
Butterfield House, P.O. Box 1100
Grand Cayman, Cayman Islands

Agents:

Bank Julius Baer & Co. Ltd.
Bevis Marks House, Bevis Marks
London EC3A 7NE,
United Kingdom

Bank Julius Baer & Co. Ltd.
Bahnhofstrasse 36, P.O. Box, 8010 Zurich
Switzerland

Société Bancaire Julius Baer SA Genève
2, boulevard du Théâtre, P.O. Box 221
1211 Geneva 11, Switzerland

First Austrian Bank
Graben 21, P.O. Box 162, 1011 Vienna,
Austria

2nd April, 1991

Notice of Annual General Meeting of Shareholders

JBB

DOLLAR-BAER

Julius Baer U.S. Dollar Bond Fund Ltd.

(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, Cayman Islands, on the 25th day of April, 1991 at 10 a. m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1990 and the reports of the Directors and Auditors.
2. To ratify the acts of Directors.
3. To appoint Auditors and authorize the Directors to fix the Auditors' remuneration.

By order of the Board Dollar-Baer, Julius Baer U.S. Dollar Bond Fund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a shareholder. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the Meeting of the bearer certificate or satisfactory evidence of the holding. [illegible]

2nd April, 1991

[illegible]

2nd April, 1991

Notice of Annual General Meeting of Shareholders

JBB

D-MARK-BAER

Julius Baer D-Mark Bond Fund Ltd.

[illegible]

KYOWA SAITAMA FINANCE (HONG KONG) LTD
[Formerly known as Saitama International (Hong Kong) Limited]
US$100,000,000 Guaranteed Floating Rate Notes Due 1995

Notice of Noteholders

NOTICE is hereby given pursuant to Condition 10 of the Terms and Conditions of the Notes that:

(a) With effect from 2nd April 1991, the issuer of the Notes changed its name from "Saitama International (Hong Kong) Limited" to "Kyowa Saitama Finance (Hong Kong) Limited" and changed its principal place of business in Hong Kong to Level 52, One Pacific Place, 88 Queensway, Hong Kong [Telephone: (852) 5320600; Facsimile: (852) 8684503; and Telex: HX 74216 KSFHX HX].

(b) On 1st April 1991, the Guarantor of the Notes, The Saitama Bank, Ltd. ("Saitama") merged with The Kyowa Bank, Ltd. ("Kyowa"). The merger took place under Japanese law whereby Kyowa automatically succeeded to all the rights and liabilities of Saitama and Kyowa's name was changed to "The Kyowa Saitama Bank, Ltd." (in Japanese to "Kabushiki Kaisha Kyowa Saitama Ginko").

Accordingly, the Noteholders' rights under the guarantee will not be extinguished or reduced by the merger or change of name of the Guarantor.

The Kyowa Saitama Bank, Ltd. (Guarantor)
Kyowa Saitama Finance (Hong Kong) Limited (Issuer)
Bank of America International S.A. (Fiscal Agent)

INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Talks have yet to be turned into mandates

ALTHOUGH UK companies have been discussing loan financing plans with banks since the end of hostilities in the Gulf, they have yet to start awarding mandates.

Though UK interest rates have come down, absolute borrowing levels remain quite high, as banks continue to demand wide margins over the London interbank offered rate. Also, some banks have pulled back from the loans market, so competition for business, which had ensured cheap financing for borrowers, is less intense.

Ahead of the long Easter weekend, activity in the syndicated loans market slowed to a trickle.

The £1.325bn financing for Inntrepreneur, the holding company in a pubs-for-breweries swap between Grand Metropolitan and Elders IXL, had been scheduled to close last week, but syndication is now expected to close this week.

In the trade finance sector, Union Bank of Switzerland is arranging an $85m one-year syndicated loan for the Bank of Zambia, to cover Zambia's crude oil import costs. Initially, Zambia is issuing a 30-day letter of credit through UBS, which will then be refinanced by the loan. The facility will be supported by copper receipts.

The loan will pay a margin of 1% point above the one-month London interbank offered rate.

Tracy Corrigan

EUROMARKET TURNOVER ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,047.5	82.6	624.5	12,837.3
Prev				
Other	3,581.7	0.0	1,857.6	9,346.3
Prev				
Secondary Market				
US$	19,359.5	659.7	8,938.9	10,273.6
Prev				
Other	40,011.4	843.5	5,606.8	69,789.7
Prev				

	Cedel	Euroclear	Total
US$	18,141.8	35,701.8	53,843.6
Prev			
Other	55,587.7	75,449.3	131,037.0
Prev			

Week to March 28, 1991

Source: AIBD

INTERNATIONAL BONDS

Swings from jitters to party and back mark Gulf war quarter

THE FIRST quarter of 1991 fell into three periods for the international bond market: pre-war paralysis, post-war celebration and hangover.

The famine of new paper was due to the Gulf conflict, which caused institutional investment decisions to be postponed. Yet recession and an expectation of lower interest rates in many countries made bonds attractive on cyclical grounds. Once the threat of a large-scale regional conflict was seen to recede, both supply of new paper and demand from investors began to recover. Borrowers with heavy funding requirements for the year could wait no longer and institutional investors had built up heavy cash holdings.

In total, $63.5bn of new paper was added to the market, well above the $43bn over the same period last year.

In particular, demand for dollar-denominated securities resurfaced with vigour by mid-February. The dollar hit an all-time low against the D-Mark, slightly below DM1.45, on February 11. This weakness was seen as an opportunity to buy dollar-denominated securities.

At first, with the US and many European economies moving deeper into recession, investors restricted their buying to top-rated sovereign and supranational issues. And the new issues market was once again dominated by very large issues from non-corporate borrowers.

However, by mid-February investors were spreading their investment a little more widely, taking on longer-dated paper and a greater degree of credit risk in an attempt to outperform the market as a whole.

This has been reflected in the secondary market, with yield spreads on corporate paper narrowing from levels which were not an accurate reflection of credit risk.

Also, asset-backed markets are seeing something of a revival. "Greed has finally overcome fear," commented one asset-backed borrower.

New issue volume slowed markedly during March as the market absorbed the paper. Moreover, the upturn in business confidence since the end of the Gulf war has dampened hopes of further immediate interest-rate cuts in many economies.

One of the most common themes heard around Eurobond houses is that power is now concentrated in the hands of fewer firms.

To some this trend represents an overdue recognition that a firm has to bring specific value to a transaction.

To others, however, the trend is more sinister. One common view is that each currency sector of the market is the subject of "cartelisation" by the big players which is squeezing out smaller firms.

There are informal agreements among the main players in the dollar, Ecu and sterling sectors of the market as to the appropriate levels of fees on new issues. On several occasions in the last three months, leading houses have declined to participate in deals which were seen to carry too thin a level of fees.

The establishment of the fixed price reoffer mechanism, which forces participants in a deal to trade the paper at a fixed price rather than selling it to retail investors at the higher issue price, favours firms with strong institutional placement power.

However, the cartelisation theory is hard to stand up in practice. Competition for mandates remains intense.

Nowhere is this more true than in the Ecu sector, which continued to develop rapidly in the first quarter. New bond issues totalled $15.5bn, against $3.92bn in the same period last year. The aspiring single European currency came close to squeezing out the dollar as the favourite of the international bond market.

Within the notable issues there were signs of over-competition. For example, when Paribas decided to increase Italy's 20-year deal from Ecu2bn to Ecu2.5bn on February 20, many investors took fright.

Appetite for Ecu bonds is limited. There was enough loose paper in the market for Goldman Sachs to build a Ecu400m holding, on which its strip issue of zero coupon bonds was based.

Pricing of new Ecu issues appeared to get progressively tighter as the market rallied. Houses were desperate to win prestigious Ecu mandates and borrowers were anxious to squeeze the last basis point out of the rising market.

However, once sentiment turned and Ecu bonds were seen as overvalued, a number of aggressively priced new issues were caught on the wrong side of prudence.

In particular, two issues of Ecu500m by the European Community on February 26, lead managed by Dresdner Bank and Credit Suisse First Boston, were launched into a soft market. The Dresdner deal immediately fell well outside full fees, and the CSFB deal traded at a discount equivalent to full fees.

Taking the first quarter as a whole, Paribas retained its leadership of the Ecu sector, leading five issues totalling $5.7bn. Morgan Stanley lead managed the UK government's Ecu2.75bn issue and a subsequent Ecu1.25bn issue for Belgium – together worth about $5.25bn.

Elsewhere, dollar and D-Mark equity warrant issues by Japanese companies have continued to flow, albeit at a much reduced rate. In total, 28 warrant deals were launched with a total value of $5.2bn. During the period of last year, warrant bond issues totalled $6.2bn.

Yet where there is supply, investors have appeared keen to buy paper priced against the new levels of the Tokyo stock market, following its 38 per cent fall last year.

The sterling sector was also a focus of attention, attracting $7.4bn of new paper, against $6bn in the first quarter of last year.

In particular, syndicate managers and potential borrowers have been monitoring the degree of continental European interest in sterling-denominated assets now that the UK currency is established within the European exchange rate mechanism.

Participants in the UK government bond market report increased overseas participation. Until recently, international investors have focused on the spread between the German and French markets as a trading axis. Now the spread between the UK market and the two main continental markets is of equal importance.

Evidence from the international bond market is less conclusive. Syndicate managers report selective buying by European institutions where the UK currency is seen as *undervalued within the ERM.*

This may have helped British Gas launch its £350m 10-year issue on March 11 – one of the biggest bond issues by a company in the Euromarket.

Simon London

EUROBOND ISSUES BY CURRENCY

		1st quarter 1991		1st quarter 1990		
Rank	Currency	Total raised ($bn)	No. of issues	Rank	Total raised ($bn)	No. of issues
1	US$	17.61	79	1	16.56	81
2	Ecu	15.53	20	5	3.92	25
3	Sterling	7.49	37	3	6.07	31
4	Yen	7.26	46	4	5.45	86
5	C$	3.97	24	9	0.68	7
6	D-Mark	3.90	34	2	6.23	36
7	FFr	3.50	17	8	0.94	8
8	Lira	2.06	11	6	1.18	8
9	A$	1.45	22	7	1.01	19
10	Guilder	0.55	2	-	-	-

Source: IFR BONDBASE

TOP EUROBOND LEAD MANAGERS

	First quarter of 1991				First quarter of 1990			
Manager	$bn	Rank	%	Issues	$bn	Rank	%	Issues
Morgan Stanley	6.53	1	10.31	6	0.73	(18)	1.75	6
Paribas	6.50	2	10.25	9	2.19	(7)	5.21	7
Nomura	5.63	3	8.88	28	5.26	(1)	12.51	33
Daiwa	3.87	4	6.11	22	2.27	(5)	5.39	18
CSFB	3.59	5	5.66	13	2.41	(4)	5.74	13
Merrill Lynch	3.12	6	4.93	7	0.31	(29)	0.74	3
Deutsche Bank	2.84	7	4.49	14	3.26	(2)	7.74	16
Nikko	1.99	8	3.15	13	1.70	(9)	4.05	8
Yamaichi	1.93	9	3.04	18	0.91	(13)	2.16	6
UBS	1.70	10	2.68	7	3.23	(3)	7.67	11
SBC	1.62	11	2.55	8	0.83	(15)	1.97	7
SG Warburg	1.62	12	2.55	9	1.04	(11)	2.48	5
Goldman Sachs	1.36	13	2.15	7	0.52	(23)	1.24	3
Dresdner Bank	1.36	14	2.14	6	0.58	(21)	1.39	2
CCF	1.18	15	1.86	3	0.30	(31)	0.72	3
IBJ	1.07	16	1.68	6	0.86	(14)	2.05	8
Hambros Bank	0.99	17	1.57	15	0.69	(19)	1.64	9
Bankers Trust	0.97	18	1.53	6	0.82	(17)	1.95	11
Credit Lyonnais	0.97	19	1.53	5	0.46	(24)	1.10	4
Salomon Bros.	0.91	20	1.43	3	2.21	(6)	5.25	3
Industry totals	163.57			298	43.12			310

† Preliminary Figures - Full credit to book runner

Source IFR BONDBASE

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Parco Co.(a)♦†	100	1995	4	4	100	Daiwa Europe	4.000
Council of Europe†	200	1993	2	$7\frac{5}{8}$	100.925	Bankers Trust Int.	7.113
Malaysia(g)§†	190.16	2001	10	6	100	Morgan Stanley Int.	6.000
Owens Corning(e)§†	50	2005	$15\frac{1}{2}$	8	100	Goldman Sachs	8.160
El Du Pont de Nemours†	250	1996	5	$8\frac{1}{2}$	101.825	SBC	8.042
Matsuya Co.♦	60	1995	4	$4\frac{3}{8}$	100	Daiwa Europe	4.375
PT Tjiwi Kimia(l)§†	75	2001	10	$7\frac{1}{4}$	100	Nomura Int.	7.250
Duty Free Int.(n)§†	45	2001	10	7	100	Lehman Bros.	7.000
STERLING							
BP Development Australia†	100	2001	10	$11\frac{1}{4}$	100.05	Goldman Sachs	11.241
CANADIAN DOLLARS							
Ontario Hydro(h)†	3.99bn	(h)	(h)	zero	(i)	Merrill Lynch	-
ECUs							
EIB(d)†	50	1999	8	9	98.40	IBJ International	9.109
AUSTRALIAN DOLLARS							
Ford Credit Australia†	50	1995	4	$12\frac{3}{4}$	101.65	Westpac Banking Corp	12.204
D-MARKS							
Rohm Co.(b)♦†	150	1995	4	$4\frac{1}{8}$	100	Nomura Bk GmbH	4.125
Metall'schaft Fin BV(c)♦†	200	2001	10	$8\frac{1}{2}$	$134\frac{1}{2}$	Dresdner Bank	4.203
Kyushu Leasing Service★★†	50	1998	7	9	$101\frac{1}{2}$	Bayerische VB	8.794
SWISS FRANCS							
Fuji Tekko Co(k)★★§	35	1995	4.5	$4\frac{7}{8}$	100	Bca.D'Svizzera Italiana	4.868
Kabushiki Kaisha★★†	10	1996	5	$7\frac{1}{2}$	$99\frac{3}{4}$	Dai-Ichi Kangyo Bk	7.562
LIRE							
KFW Int Finance†	150bn	1995	4	$12\frac{3}{8}$	101.90	Is.Mobiliare Italiano	11.753
PESETAS							
EIB(f)†	20bn	2001	10	$12\frac{1}{4}$	101.10	Banesto	12.055
LUXEMBOURG FRANCS							
Bacob Fin.NV(j)♦†	1bn	1996	$5\frac{1}{2}$	zero	101	Banque UCL.	-0.181
GB.International SA.★★†	600	1997	6	$9\frac{1}{4}$	101.85	BGL.	8.840
Banque Indosuez★★†	500	1998	7	$9\frac{3}{8}$	101.90	Banque Indosuez	8.998
Okobank★★†	500	1996	5	$9\frac{1}{2}$	101.90	BIL.	9.011
Skopbank★★†	400	1994	3	$9\frac{5}{8}$	101.85	BCEE.	8.896
YEN							
Orix Ireland Fin.(m)★★‡†	20bn	1995	4	(m)	101.50	Daiwa Europe	-

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. ♠Variable rate note. †Final terms. a) Exercise premium fixed at 2.52%. Non-callable. b) Exercise premium fixed at 2.51%. Non-callable. c) Exercise premium fixed at 26.5%. Non-callable. d) Fungible with existing Ecu285m deal. Non-callable. e) Non-callable for the first three years, then callable at 105.60% from 30/4/94. Conversion premium fixed at 23.3%. f) Matdor issue. Callable once only at 101.35% after five years. g) Callable from 30/4/91 at the sum of the issue price plus coupon, subject to the 150% rule for the first three years. Exchangeable into 50m shares of Telekom Malaysia. Conversion premium fixed at 10.53% h) 40 tranches of serial zero coupon bonds. 1-39 year tranches - C$90m each; 40 year tranche - C$831m. i) Variable. j) Warrants linked to the Brussels Stock Index, Bel 20. Non-callable. k) Callable on 30/9/93 at $107\frac{3}{4}$% and 31/3/94 at $100\frac{3}{4}$%, decreasing by $\frac{1}{4}$% semi-annually. Put option 30/9/93 to yield 7.798%. l) Coupon was indicated at 7-$7\frac{1}{2}$%. Conversion premium fixed at 8.20%. Callable from April 1991 at issue price + coupon declining in equal amounts to par by year 7. Non-callable until 1994 subject to the 130% share price rule. Investor put option to yield 10% in case Indonesian law is changed to prevent conversion into stock. m) Put option on the 18 April 1994, at 100%. Coupon pays 7.6% for first 3 years, then pays 6-month Libor plus 25bp in the 4th year. n) Callable, subject to the 140% rule for the first three years. Conversion premium fixed at 10.12%. Note: Yields calculated on AIBD basis.

UK GILTS

Sterling strength acts as springboard

THE RECENT sharp rise of the pound against the D-Mark has given traders in gilt-edged securities something to cheer about when otherwise they might have been feeling slightly depressed.

The rise in the pound's value has been largely due to the weakness in the Germany currency, as fears have gripped financial markets about the looming problems for the German economy resulting from reunification. It has also been helped by the surge in the dollar over the past two weeks.

Sterling's strength, by making securities linked to the UK currency more attractive to the international investor, has given fresh impetus to a gilts market which since the UK Budget on March 19 has suffered from fears that inflationary pressures could gain a hold over the coming year.

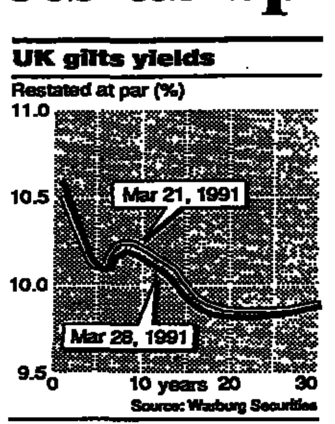
The combination of these factors explains why gilt prices have moved upwards in the past week or so – but in a subdued fashion. Last Thursday the Treasury 9 per cent long-dated bond maturing in 2008 was quoted at 93⅛, up about a quarter of a point on a week before. Its yield was 9.8 per cent, as opposed to 9.84 per cent. The shorter-dated Treasury 10 per cent bond, due in 1994, was barely changed over the week at 99⅛, yielding 10.15 per cent.

Most of the increase in prices during the week was due to a rally late on Thursday when market makers bought the entire £200m tranche of 9¾ per cent Treasury conversion bonds due 2005 which the Bank of England had announced the previous week. Two other sets of shorter-dated bonds, announced by the Bank at the same time and valued at £300m, attracted little interest.

Gilt traders have steered clear from short-dated bonds because of the feeling that UK base rates, now at 12½ per cent, are unlikely to be reduced in the near future. They have come down since mid-February by 1½ per cent. The general assumption is that the Treasury and the Bank of England feel comfortable with the modest economic stimulus provided by the 1½ per cent reduction and are unlikely to sanction another cut for several weeks. Even though sterling's position in the European exchange rate mechanism looks reasonably secure, that position may not last for long.

UK gilts yields

Restated at par (%)



Source: Warburg Securities

The gilt market feels better about the prospects for bonds at the longer end of the yield curve, largely due to the perception that inflation is on a downward path. On this score, however, there are worries about the degree to which the reduction in headline inflation, as measured by the retail price index (RPI), can be sustained.

While many analysts agree with the Treasury that the annual rate of rise in the RPI, 8.9 per cent in February, will be down to around 4 per cent by the end of the year, they are less optimistic about 1992.

Mr Sanjay Joshi, a bond economist at the London office of Daiwa, the Japanese bank, said: "It is difficult to see the kind of flexibility in the UK labour market that will be needed if the headline rate of inflation is to continue to come down."

Another reason for uneasiness in the gilt market is continued signs of political problems for the government. However, poll-tax problems appear to have put to rest speculation that Mr John Major might want to call an early election. That possibility has been viewed with distaste by the gilt market because of the belief that the need to win over voters might cause the government to ease monetary policy too quickly. "It seems now that the government is going for the long haul," said Mr John Shepperd, an economist at Warburg Securities.

Peter Marsh

GERMAN BONDS

Weak D-Mark tops the bogeys list

DURING the last year, the German bond market has been beset by *most ills that habitually* unsettle investors – oversupply, political uncertainty and inflationary dangers. Only recently has the weakness of the currency climbed to the top of this list of bogeys.

Since mid-February, the D-Mark has fallen some 18 per cent against the dollar. While a good proportion of that change is attributable to the recovery of the dollar's fortunes, the D-Mark has also lost 6.2 per cent against the yen over the same period, and has slipped well down the European monetary system grid.

If not provoking a wave of foreign selling, the currency slippage has in the last month staunched the wave of overseas bond buying that had been gathering pace since the last quarter of 1990.

"The D-Mark weakness could not have come at a worse time," observes Mr Steven Major, bond analyst at UBS Phillips & Drew, noting the climate of current wage negotia*tions and the prospect of core* inflation climbing.

Meanwhile, last Thursday's provisional figure for the cost of living in four Länder, down in March 0.1 per cent from February giving a yearly rate of 2.5 per cent, was generally interpreted as misleading.

In recent weeks there have been plenty of "psychological" reasons for bouts of D-Mark nervousness. The spectre of the Monday demonstrations in east Germany, although not contributing information to the scale of the task of reconstruction, has highlighted the magnitude of the economic and increasingly social cleft between east and west.

Again, foreign investors have been unsettled by a renewed flaring of tensions between the government and the Bundesbank.

Last week, Mr Theo Waigel, the finance minister, saw to further upsets on the foreign exchanges with his remarks that Germany could "live with *current exchange rates," a pro*nouncement made only hours away from intervention efforts by the Bundesbank.

But few people expect a defensive interest rate increase at Thursday's central bank policy council meeting.

"If the rise in the dollar is less about interest rate differentials than about sentiment, then the Bundesbank will wait until it gets a clearer picture of domestic factors," argues Mr Robin Marshall, chief economist at Chase Manhattan in London.

Investors will still be watching whether the Bundesbank signals a wish for higher interest rates by switching from fixed to variable-rate repurchase agreements in its midweek money-market operations. Last week, tight allocations provoked banks to make heavy use of the emergency Lombard facility.

The other conundrum for Bund investors is supply. Since the beginning of the year, the *Bundesbank has issued just* one 10-year bond, as has the German Unity Fund. Surely another 10-year issue must be imminent?

Most of the answer is furnished by the latest Bundesbank report, which explains that the bank's balances were as high as DM16bn at the end of February. Other instruments have been popular, notably the *Schuldscheindarlehen* – the unity fund issued DM6.5bn of its full-year requirement of DM31bn in January alone, primarily through these promissory notes.

Given the state of the currency – and the Bundesbank's estimated DM10bn-DM12bn profit which will flow to Bonn in mid-April – investors may take faint cheer from the fact that a new 10-year Bund is unlikely to emerge before the end of the month.

Katharine Campbell

US MONEY AND CREDIT

Economic signals pose a conundrum

THE CONTRAST between growing economic confidence in the US and a still deteriorating labour market is likely to mean a significant test of confidence for the government bond market this week.

For the differing economic signals pose a conundrum for the market: is recovery just around the corner, meaning an end to the Federal Reserve's easing stance and a possible resurgence of inflation, or is the turnround so tenuous that interest rates are set to fall further?

The debate will reach an important landmark on Friday when the administration will publish employment figures for March, providing one of the earliest and most closely watched clues to the performance of the economy in the first full month following the end of the Gulf war.

The figures are not expected to be strong. The consensus forecast is for the civilian jobless rate to rise from 6.5 per cent in February to 6.7 per cent, with non-farm payrolls falling by between 100,000 and 150,000, a little better than February's 184,000.

However, figures of this magnitude may not on their own be enough to prompt the Fed into another cut in interest rates, even though the central bank's recent bias towards easing may have been reiterated at last week's meeting of the policy-making open market committee. For one thing, recent inflation figures have been disappointingly strong. For another, a string of pointers last week suggested that the economy may have reached the bottom of the recessionary trough, leading some analysts to argue that fresh stimulative action might give an unwarranted nudge to inflation.

Last week's figures included the biggest rise in the index of leading economic indicators since the middle of 1988, the largest one-month jump in the Conference Board's index of consumer confidence, reasonable gains in home sales and a less-than-expected decline in February durable goods orders. None of these are conclusive evidence of an economic turn.

Last Friday's dramatic jump in the February index of leading indicators followed seven months of decline and, at 1.1 per cent, was the biggest increase since a 1.6 per cent rise in June 1988. The biggest factor behind this was increasing stock prices, while new home sales also rose strongly. However, the sharply dwindling band of economic pessimists could argue that the index is merely mirroring an overvalued equity market and that the improvement in housing is from a very depressed level.

Certainly, while the statistics of the past few weeks seem to point to a bottoming out of the recession, the strength and breadth of any recovery remains very much in doubt – and this could yet prompt a fresh round of Fed easing in the coming weeks, particularly if this Friday's employment report is particularly bad. And that, in turn, would mean a further steepening of the yield curve.

As it is, inflationary fears mean the yield on long-term securities is no lower now than it was in December, before the Fed began its most aggressive rounds of easing. At the very short end, rates have dropped steadily since January.

These trends have created particular bargains among shorter-end Treasury notes, with the two-year ending last week at a yield of 7.02 per cent, compared to three-month bills at just less than 6 per cent.

Investor enthusiasm for the extra interest was underlined at last week's Treasury note auctions, with $8.5bn of five-year notes sold at an average yield of 7.81 per cent, up from 7.51 at the February auction, and $11.5bn of two-year notes sold at an average yield of 7.15 per cent, up from 6.87 per cent in February.

Martin Dickson

US MONEY MARKET RATES (%)

	Last Thursday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.00	5.94	6.38	11.00	4.00
Three-month Treasury bills	5.92	6.04	6.26	7.98	5.96
Six-month Treasury bills	6.04	6.14	6.38	8.04	6.06
Three-month prime CDs	6.27	6.37	6.82	8.01	6.30
30-day Commercial Paper	6.32	6.30	6.80	9.95	6.20
90-day Commercial Paper	6.28	6.20	6.63	10.05	6.10

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	99 19/32	+9/32	7.94	7.99	7.97
20-year Treasury	109 15/32	+21/32	8.25	8.32	8.28
30-year Treasury	95 30/32	+24/32	8.24	8.31	8.27

Money supply: In the week ended March 28, M1 rose by $900m to $840.4bn.

US GOVERNMENT bond prices firmed slightly yesterday morning in the wake of a purchasing managers' report which provided employment and inflation news broadly positive for the Treasuries market, writes Patrick Harverson in New York.

By midday the benchmark 30-year bond was up ⅛ at 95⅞, yielding 8.236 per cent. The two-year note was even firmer, up ⅛ at 100⅛ to yield 6.989 per cent. The market's hopes for lower short-term interest rates had been bolstered by the National Association of Purchasing Managers' report for March. The NAPM's employment index last month reached its lowest point for more than nine years, while its price index fell sharply.

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABBEY NATIONAL 8 7/8 93	150	101½	+⅛	8.08
ABN 9 1/8 94	200	101⅝	+⅛	8.52
AETNA LIFE & CAS 7 3/4 16	200	98⅞	+⅛	7.85
ALBERTA PROVINCE 8 5/8 96	750	100⅝	+⅛	8.49
ALBERTA PROVINCE 9 3/8 95	600	103⅛	+⅛	8.43
AMERICAN EXPRESS 0 00	450	40⅝	+⅛	9.87
AMERICAN GENERAL 9 3/4 95	150	97⅞	+⅛	10.36
ANHEUSER-BUSCH 9 1/8 92	100	101½		7.92
ASIAN DEV BANK 0 04	1000	31	+⅛	9.12
AUSTRALIA 11 95	200	108⅛	+⅛	8.58
AUSTRALIAN WHEAT 9 1/2 93	200	103	+⅛	8.20
AUSTRIA 7 3/4 97	200	96⅛		8.50
[illegible]				
PRUDENTIAL REALTY SEC 0 99	305.218	[illegible]	[illegible]	[illegible]
QANTAS AIRWAYS 8 5/8 96	97.75	99⅛	+⅛	8.75
QUEBEC HYDRO 9 3/4 98	150	103⅞	+⅛	9.07
QUEBEC PROV 9 98	200	100⅝	+⅛	8.90
QUEENSLAND GOVT 10 1/4 95	100	104⅝	+⅛	8.87
RALSTON PURINA 11 3/4 95	150	106⅞	-⅛	9.81
REED PUBLISHING 9 5/8 97	150	100⅞	+⅛	9.41
REYNOLDS (RJ) 10 1/4 93	100	96⅞	-⅛	11.90
SAINSBURY 9 1/8 96	150	101⅞	+⅛	8.81
SARA LEE 9 3/8 93	150	101⅞	+⅛	8.50
SAS 10 99	200	98⅞	+½	10.21
SAS 10 1/8 95	150	101¼	+⅛	9.73

	Issued	Bid price	Chg on week	Yield
SASKATCHEWAN 15 92	150	108⅛		8.04
SBAB 9 1/2 95	500	103⅛	+⅛	8.45
SEAGRAM CO 8 1/2 96	100	97⅞	+⅛	9.25
SEARS O/S FIN 0 98	500	48⅛	+⅛	10.48
SEARS O/S FIN 11 5/8 93	150	104		9.72
SKANDIA INTL 7 1/4 92	200	99½	+⅛	7.81
SNCF 7 1/4 94	175	98⅛	+⅛	7.74
SNCF 9 1/2 98	150	104⅛	+⅛	8.65
STATE BK STH AUST 9 1/4 93	100	101⅛	+⅛	8.18
STATE EL VICTORIA 10 92	100	102⅛	+⅛	8.04
STATOIL 7 5/8 94	200	97⅞	+⅛	8.68
STH AUST GOVT FIN 8 3/4 93	100	101⅛	+⅛	8.12
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅛	+⅛	8.30
SUMITOMO FIN ASIA 11 3/4 92	150	103⅛	+⅛	7.62
[illegible]				
EIB 6 7/8 96	[illegible]	[illegible]	[illegible]	[illegible]
EUROFIMA 6 1/4 98	300	92⅞	-⅛	8.97
FELDMUEHLE FINANCE 8 99	400	87⅛	+⅛	8.61
FERRO DEL STAT 5 3/8 99	200	96	-⅛	8.66
IND BK JAPAN FIN 5 5/8 96	500	94⅛	-⅛	8.87
INTER AMER DEV 7 1/4 99	200	87		8.92
LUFTHANSA INT FIN 5 7/8 98	300	92⅞	+⅛	8.52
QUEBEC HYDRO 6 3/4 99	500	85⅛	-⅛	8.78
SWEDEN 6 1/8 98	400	87⅛	+⅛	9.03
WORLD BANK 0 15	300	89	-⅛	8.26
WORLD BANK 5 3/4 96	2000	15⅛	-⅛	7.87
WORLD BANK 7 1/8 95	300	89⅛	-⅛	8.52
	500	96⅛	-⅛	8.34

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	91		6.84
AUSTRIA 4 5/8 98	100	89⅞	-⅛	6.57
CHUJITSUYA 7 3/4 95	50	101⅛	-⅛	7.26
COUNCIL EUROPE 4 3/4 98	250	88⅛	+1	6.85
EEC 5 1/2 00	100	90		6.93
EIB 5 3/4 93	100	97⅛	-⅛	6.82
ELEC DE FRANCE 7 1/4 06	100	104		6.81
FINLAND 5 3/8 95	150	94⅛	+⅛	6.73
GENERAL MOTORS 7 1/2 95	100	102	+⅛	6.91
JAPAN DEV BK 5 1/2 94	100	97	-⅛	6.67
NEW ZEALAND 4 7/8 99	200	88⅛	+⅛	6.86
QUEBEC HYDRO 5 08	100	80		7.06
SKANDINAVISKA ENSK 6 1/2 95	100	100⅛	+1⅛	6.34
[illegible]				

WARRANTS				
[illegible]				
HINO MOTORS	[illegible]	[illegible]	[illegible]	[illegible]
KIRIN BREWERY	08/07/94	10⅛	-2⅛	29.19
MITSUBISHI EST	23/07/92	2	-⅛	37.79
MITSUI REAL ESTATE DEV	11/03/94	7⅛	-3⅛	96.18
NICHII	20/03/92	3⅛	-⅛	51.78
NIPPON MEAT PACKERS	17/02/95	2⅛	-⅛	73.15
NIPPON OIL	17/09/92	7⅛	-⅛	60.51
SUMITOMO CHEM	14/06/92	7⅛	-1⅛	32.24
TOYO SASH	20/01/93	2⅛	-⅛	95.24
TOYOTA MOTOR	27/04/93	12⅛	-⅛	32.84
UNITIKA	15/07/92	21⅛	-2⅛	7.54
YAMANOUCHI PHARM	20/07/93	5	-⅛	60.65
	30/06/92	5⅛	-⅛	38.44

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on March 28

THE WEEK AHEAD

ECONOMICS

Weathering a possible rise in German interest rates

A FRAUGHT week shortened in the UK by the Easter bank holiday is likely to be dominated by events overseas.

In the US, the question is whether the recession is coming to an end. In Germany, and for the rest of continental Europe, the issue is whether a deep recession can be avoided.

The Bundesbank's regular central council meeting on Thursday must decide whether to raise German interest rates.

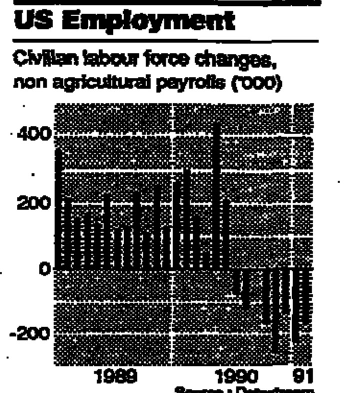
A rise in German rates would dampen hopes for further cuts in UK base rates, which have already been shaved by 1.5 per cent this year despite the newly discovered discipline of the Exchange Rate Mechanism, and raise the possibility of a politically embarrassing increase.

However, the D-mark's recent relative weakness, lowering it to the middle of its permitted exchange rate band within the ERM, might mean that other EC economies could maintain some flexibility.

The UK and the other ERM countries should be able to avoid rate rises to accommodate a German change.

US Employment

Civilian labour force changes, non agricultural payrolls ('000)



Source : Datastream

Concern about inflationary pressures in Germany has been exacerbated by the recent strength of the US dollar.

On Friday, a sheaf of indicators on the labour market should provide some evidence of the strength of the US economy's post-Gulf War recovery. Many commentators have high hopes that the American economy is moving out of recession, and that fiscal easing is in the pipeline. Poor unemployment figures could be the cue for the Federal Reserve to cut the discount rate.

The consensus forecast, according to MMS International, the financial research company, is that the non-farm payroll for March will drop by 137,000 compared with March. However, opinion varies widely – MMS found some expecting a 250,000 drop in employment, and other expecting a rise of 78,000.

Contrasting signals are to blame for this – after the war, companies may be less inclined to lay off workers, and weekly data on electricity output and car and steel production suggest some resilience, but the last unemployment benefit figures showed a significant rise.

It will be a quiet week for UK statistics, apart from today's CBI monthly trends survey.

Other important statistics to be released this week (with consensus figures provided by MMS, where relevant) are as follows:

Today: US, February factory goods orders (-0.5 per cent). Canada, January retail sales (-0.5 per cent), and Leading Indicators.

Wednesday: UK, March Official Reserves (+$300m). US, 4th quarter financial reports, retailers and manufacturers. Canada, March foreign reserves (-$350m).

Thursday: Bundesbank meets. French finance minister Beregovoy gives regular press conference. West Germany, March unemployment (-10,000); east Germany, unemployment (+100,000, according to MMS' own estimate).

Friday: US, March hourly earnings (0.2 per cent), March unemployment (6.7 per cent), February consumer credit (unchanged). Canada, March unemployment rate (10.5 per cent). Australia, February total job vacancies.

During the week: Germany, February manufacturing orders (-0.5 per cent), industrial production (-0.8 per cent), manufacturing output (-0.3 per cent).

John Authers

CONSTRUCTION CONTRACTS

Croydon parking facility

TUDOR HOMES in Kingswood, Surrey, has secured contracts totalling over £5.8m. The first is for the project management of a multi-storey car park at Surrey Street in Croydon. The brick-clad structure will provide 670 car parking spaces and will be completed in March 1991.

The second is for the complete refurbishment and modernisation of a chateau in France at Saumur in the Loire valley. The building, which is currently open as a tourist attraction, is to be converted into an hotel for wine connoisseurs and will incorporate a wide variety of sports facilities.

* * *

Headquarters in Victoria

Kingsmeadow Estates has awarded HIGGS AND HILL SPECIAL CONTRACTS a contract worth about £5m for an headquarters office building at 171 Victoria Street, London SW1.

The development is situated at the junction of Victoria Street and Vauxhall Bridge Road, adjacent to the Victoria Station concourse and opposite Stag Place.

The building will comprise a basement, ground and six upper floors. It will be constructed to a high specification with full air-conditioning, raised floors, suspended ceilings with integrated lighting, and high quality finishes throughout. It will have an in-situ concrete frame and the principal elevations will be clad in polished granite.

Work has commenced on the project and completion is scheduled for November 1992.

Building superstores for Tesco

KYLE STEWART has been awarded six contracts worth in the region of £48m.

The projects involve a series of superstores for Tesco, a neighbourhood food store for Marks & Spencer and work for the Civil Aviation Authority.

Tesco Stores has awarded Kyle Stewart contracts to build four superstores at Basildon, High Wycombe, Reading and Royston.

The stores will be of steel framed construction finished externally in facing brickwork with pitched tiled or slated roofs and will offer an extensive range of goods and services. Ample free parking and filling stations as well as extensive landscaping will also be featured.

The Reading store will even have its own nature reserve - 0.8 hectares of land at the confluence of the Rivers Kennet and Thames will be preserved as a habitat of river bank wild life. The stores are scheduled for completion early in 1992.

At Rickmansworth, work is already under way on a neighbourhood food store for Marks & Spencer. The external design, developed by Kyle Stewart Design Services, will reflect the architectural style of the location which is part of a preservation area. The store is scheduled to open in late November 1991.

The Civil Aviation Authority has awarded a contract to build staff catering facilities, including food preparation areas, kitchens, a 144 covers restaurant and a coffee bar to seat 50 people at the London Air Traffic Control Centre at West Drayton. The project is scheduled for completion in July 1991.

Kyle Stewart is an operating company of the European construction group HBG, Hollandsche Beton Groep.

£25m orders won by Tarmac

A range of projects throughout Britain from a superstore to housing improvements are included in contracts worth about £25m recently awarded to TARMAC CONSTRUCTION.

In Scotland the company has an £8.5m contract for building an Asda superstore, petrol station and associated works at Linwood, near Glasgow, for McLagan Investments.

Other contracts in Scotland include a two-storey building at Gilmour Park, Edinburgh, for Scottish and Newcastle, valued at £483,000; and Neslo Interiors, the internal partitioning company, is carrying out work at Glasgow Airport valued at £389,000.

Large projects elsewhere include three-storey offices at Newcastle-upon-Tyne, for Dysart Developments (Tyne and Wear) (£3.8m); refurbishing public areas at the Town Square Shopping Centre, Oldham, for Scottish Amicable Life Assurance Society (£2.3m); new tileworks at Hawkins Tiles, Cannock, for Tarmac Bricks and Tiles (£1.5m); factory units at Trafford Park, Manchester, for Pilkington Property Developments (£1.1m) and a new infants' school at Bryncelin, Nelson, for Mid-Glamorgan County Council (£1m).

Others are for extending a three-storey classroom block at Spring Hill School, Rochdale, for Rochdale Borough Council (£829,000); additional facilities in offices at Windmill Hill Business Centre, Swindon, for Business Design Group (£725,000); and refurbishing a dental unit at Manchester, for Central Manchester Health Authority (£249,000).

Two contracts have also been awarded for work on two TSB banks in the North-West - fitting-out an existing bank at Lancaster (£315,000) and refurbishing an existing bank at Accrington (£289,000).

In the West Midlands, Tarmac Refurb has a £1.7m contract for building a sports hall at Kidderminster, for Wyre Forest District Council.

Projects awarded to the company's contract housing division include improvements to local authority homes at Huddersfield (£1m) and Shipley, West Yorkshire (£494,000).

Bedford leisure complex

CLUGSTON CONSTRUCTION has come to the aid of North Bedfordshire Borough Council by renegotiating the £6.8m contract for the Bedford Oasis pool and leisure centre.

Following the demise of the Pavilion Leisure Group and its subsidiary company, Clifford Barnett, which was developing the pyramid-shaped leisure centre, Clugston Construction is now taking the leading role.

* * *

Schoolchildren in the Falkland Islands should have no worries about rising damp in their new school. PERMANITE, a Tarmac company, is supplying the damp-proof course system for a senior school being built in Stanley, due for completion in the summer of next year.

UK COMPANIES

FALLING land values and losses on UK housing may well have inflicted a 50 per cent fall in pre-tax profit on Costain, which reports on Thursday. After a decline to £55m in 1989, last year's figure is estimated at £20m-£25m even with solid performances from coal mining and contracting. Although under pressure, the dividend is expected to be maintained.

Another thought is that repair of the balance sheet might be a possibility via the rights issue trail.

Tilbury Group, on the other hand, had £11m cash in the bank last June and profits also derived some protection from its strength in Scotland and from contracting. It reports on Thursday also and a decline to about £21m, from £27.5m, is envisaged.

Tesco's full year figures tomorrow will carry few surprises since they were forecast with the company's £572m rights issue only weeks before the February 23 year-end. With the issue, Tesco forecast a pre-tax profit of not less than £416m, excluding property profits of more than £19m. That compares to £326.6m and £35m.

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Chester Waterworks, Aqua House, 45 Boughton Road, Chester, 12.00
General Consolidated Inv., 49 Hay's Mews, W., 2.45
Throgmorton USM Trust, Merchant Taylors Hall, 30 Threadneedle St., E.C., 12.00
Updown Inv., 12 Tokenhouse Yard, E.C., 4.00
BOARD MEETINGS:
Finals:
Baillie Gifford Tech.
Edinburgh Fund Managers
Kleinwort Benson Gilt fund
Quarto

■ TOMORROW
COMPANY MEETINGS:
Allied Textile, The Registered Office, Highburton Road, Huddersfield, 12.00
Life Sciences Intl., Chartered Institute of Insurers, 20 Aldermanbury, E.C., 2.45
BOARD MEETINGS:
Finals:
Ash & Lacy
Boxmore Intl.
CMS Packaging
Hay (Norman)
Tesco
Wiggins Teape Appleton
Interims:
Friendly Hotels

■ THURSDAY APRIL 4
COMPANY MEETINGS:
Fleming Fledgeling Inv. Trust, 25 Copthall, Ave., E.C., 12.00
Grahams Rintoul Inv. Trust, 30-32 St. Mary Axe, E.C., 12.00
Lancashire & London Inv. Trust, Great Eastern Hotel, Liverpool St., 11.30
BOARD MEETINGS:
Finals:
Baird (William)
Brammer
British Alcan Aluminium
Butler Cox
Elys (Wimbledon)
Estates & General
Ibstock Johnsen
Ipeco
New Ireland Hldgs.
Scholes
Scholl
Interims:
Beckman (A)
Cooper (Frederick)

■ FRIDAY APRIL 5
BOARD MEETINGS:
Finals:
Bostrom
Dawsongroup
Gardner (DC)
Halls Homes & Gardens
Ingham (George)
Johnson Group
Pittencrieff

Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ YESTERDAY
Alexon 3.125p
Allied-Lyons 3¼% Deb. 87/97 1.625pc.
Do. 6¼% Deb. 87/92 3.125pc.
Do. 6¾% Deb. 88/93 3.375pc.
Do. 7¼% Deb. 88/93 3.625pc.
Do. 9¾% Deb. 2019 4.875pc.
Do. 5¼% Uns. Ln. 2.625pc.
Do. 5¾% Uns. Ln. 2.875pc.
Do. 6¼% Uns. Ln. 3.125pc.
Do. 7½% Uns. Ln. 3.75pc.
Do. 7¾% Uns. Ln. 93/98 3.875pc.
American Tst. 6¼% Deb. 87/92 3.125pc.
Assoc. Brit. Foods 6% Prf. 2.1p
BET 5% Perp. Deb. 2.5pc.
Baldwin 7% Prf. 2.45p
Bowater 7.75% Cnv. Prf. 3.875p
Chemical Banking 25cts.
Chesterfield Props. 5.25% Cnv. Prf. 2.625p
Clearmark 13% Uns. Ln. 92/97 6.5pc.
Coastal 10cts.
Colne Valley Water 6¾% Prf. 92/94 3.375pc.
Do. 4.025% Prf. 2.0125p
Conversion 3½% Ln. 1.75pc.
Courtaulds Clothing Brands 7½% Prf. 2.625p
Craig & Rose 5% Prf. 1.75p
Cronite 2.5p
East Worcestershire Waterworks 7% Ord. 3.5p
Do. 3½% Ord. 1.75p
Do. 3⅞% Prf. 1.925p
Do. 2⅝% Prf. 1.4p
Elliot (B.) 7% Cnv. Prf. 3.5p
Essex Water 11¾% Deb. 2002/04 5.875pc.
Do. 11½% Deb. 95/97 5.75pc.
Do. 11¼% Deb. 2005/09 5.60pc.
Do. 9⅞% Deb. 97/99 4.9375pc.
Excalibur 0.4p
Extel 10½% Prf. 5.25pc.
First Chicago 50cts.
Fitch RS 3p
Fleming Universal Inv. Tst. 5% Prf. 1.75p
GTE 38.5cts.
Glaxo 6¾% Uns. Ln. 85/95 1.6875pc.
Grand Met. 4¾% Prf. 1.6625p
Greycoat 9½% Prf. 2014 4.75p
Greyhound Dial 35cts.
Hardys & Hansons 6% 2nd Prf. 2.1p
ITT 43cts.
Illingworth, Morris 6½% Prf. 2.275p
Do. 6½% 2nd Prf. 2.275p
Johnson, Matthey 5% Prf. 1.75p
Do. 8% Cnv. Prf. 4p
Keystone Inv. 11⅜% Deb. 2010/15 5.6875pc.
Kingsley & Forester 3.85% Prf. 1.925p
Kunick 3.5p
Lawrence (W) 8.5% Cnv. Prf. 4.25p
Leeds (City of) 13½% Red 2006 13.5pc.
Lovell (Y.J.) Hldgs. 6.75p
MEPC 10½% Uns. Ln. 2032 5.25pc.
McCarthy & Stone 8.75% Prf. 2003 4.375p
Menzies (J) 9% Prf. 4.5p
Mid-Kent 10% Prf. 1997 5p
Mid-Sussex Water 8¼% Prf. 1996 4.125p
Do. 10% Deb. 2013/17 5pc.
Do. 12% Deb. 2010 6pc.
Morgan Crucible 3.85% 1st Prf. 1.925p
Do. 3.5% 2nd Prf. 1.75p
Morris Ashby 1.7p
North Surrey Water 3.85% Prf. 1.925p
Do. 4.20% Prf. 2.10p
Do. 3.15% Prf. 1.575p
Do. 3.50% Prf. 1.75p
Owners Abroad 9.75p Cnv. Prf. 4.875p
Paramount Comms. 17.5cts.
Peninsular & Oriental Steam Nav. 5% Prf. 1.75p
Prowting 8.8% Prf. 4.4p
Queens Moat Houses 10¼% 1st Mtg. Deb. 2020 5.125pc.
Reading Corp. 3½% Prf. 1.75pc.
Republic New York 35cts.
Rickmansworth Water 4% Cons. Deb. 2pc.
Do. 7½% Deb. 91/93 3.75pc.
R.E.A. Hldgs. Fltg. Rate Uns. Ln. 95/98 2.17808cts.
Sara Lee 23.5cts.
Sears Roebuck 50cts.
Siebe 5.5p
Speyhawk 9¾% Prf. 2014 4.875p
Sphere Inv. Tst. 5% Prf. 1.75p
Suffolk Water 3½% Perp. Deb. 1.75pc.
Do. 4% Perp. Deb. 2pc.
Taylor Woodrow 9½% 1st Mtg. Deb. 2014 4.75pc.
Town Centre Securities 10½% 1st Mtg. Deb. 2021 5.25pc.
Treasury 2½% 1975 1.25pc.
Wade Potteries 4.2% Prf. 1.05p
Waterglade Intl. Hldgs. 7¾% Cnv. Prf. 3.875p
West Tst. 0.25p
Wheway 2p
Whitbread 7% Deb. 88/93 3.5pc.
Do. 7¼% Uns. Ln. 86/91 3.625pc.
Wigan 3% prf. 3pc.
Witan Inv. 8½% Deb. 2018 4.25pc.
Xerox 75cts.

■ TODAY
Aitken Hume Intl. 7% Prf. 3.5p
BOC 12¼% Uns. Ln. 2012/17 6.125pc.
Bank of Wales 13½% Sub. Uns. Ln. 95/97 6.75pc.
Blue Circle Inds. 5¾% 2nd Deb. 84/2009 2.875pc.
Bournemouth & District Water 3½% Cons. 1.75p
Bristol Waterworks 6% Cnv. Prf. 1998 3p
Bullough 4.3p
Caffyns 10% Prf. 5p
Do. 6½% 1st Prf. 2.275p
Carclo Eng. 10½% Prf. 5.25p
Cheam 3.15% 1st Prf. 0.3202p
Do. 7% Prf. 0.7115p
Do. 4.9% Prf. 0.4981p
Chester Waterworks 4.2% Ord. 2.1p
Do. 3.15% Prf. 1.575p
Crest Nicholson 5½% Cnv. Prf. 2.75p
Dewhurst 1.1p
Do. A NV 1.1p
East Surrey Water 9.5% prf. 4.75p
Electron Hse 7.5% Cnv. Prf. 3.25p
Erskine Hse 7.25p Cnv. Prf. 3.625p
F. & C. Enterprise Tst. 0.2p
Fleming Far Eastern Inv. Tst. 4½% Prf. 1.575p
Do. 5% prf. 1.75p
Fleming High Inc. Inv. Tst. 1.45p
Gartmore Amer. Securities 0.9p
Granada 7.9p
Greenfriar Inv. 3.5p
Hambros 7.5% Cnv. Prf. 3.75p
Hampson Inds. 6.5p Cnv. Prf. 91/2003 3.25p
Heywood Williams Cnv. Prf. 3.375p
Hicking Pentecost 0.6p
Hollas 0.8p
Investment Co. 0.375p
Jones, Stroud Hldgs. 3p
Low (Wm.) 6.75% Cnv. Prf. 3.375p
MITIE 1p
ML Hldgs. 0.85p
Markheath Securities 2p
Marshalls 6.5p Cnv. Prf. 3.25p
Menzies (John) 3.4p
Metropolitan Tst. 5% Prf. 1.75p
Do. 4½% Prf. 1.575p
New Zealand Inv. Tst. 0.75p
Nomura Bank Intl. 9⅜% Gtd. Sub. Bds. 1995 4.6875pc.
Property Sec. Inv. Tst. 1.5p
Savoy Hotel 8½% Uns. Ln. 93/98 4.25pc.
Scantronic 5.75% Cnv. Prf. 2.875p
Seacon Hldgs. 2.3p
Stewart & Wight 6% Prf. 0.75p
Symonds Eng. 7½% Prf. 2.625p
TR Far East Income Tst. 1p
TR Smaller Co's Inv. Tst. 6½% Deb. 87/92 3.25pc.
TSB 3.25p
Tamaris 8½% Cnv. Prf. 2003 4.25p
Thwaites (Daniel) 5% 1st Prf. 17.5p
Union Intl. 6% Prf. 2.1p
Unitech 4.2p
United Scientific 1.5p
Willis Corroon 3.3p
Wood (John D.) 1.5p
York Waterworks 4p
Do. A NV 4p

■ TOMORROW
ASDA 1.85p
Allied Textile 7.7p
Blick 4.5p
Brooke Tool Eng. 0.5p
Fleming Enterprise Inv. Tst. 1.2p
Gestetner 6.4p
Italy (Republic of) 9⅜% Nts. 1997 4.6875pc.
NSM 0.5p
Sinclair William 1.6p
Smith (W.H.) 4.0p
Do. B 0.8p
Throgmorton Tst. 1.25p
United Inds. 0.5p
Updown Inv. 11p

■ THURSDAY APRIL 4
Aerospace Eng. 1.56p
Burtonwood Brew. 7% Prf. 2.45p
General Cons. Inv. Tst. 6.11p
Goring Kerr 10.0p
Halifax Bldg. Society 9⅜% Nts. 1995 4.6875pc.
Lancs. & London Inv. Tst. 1.9p
Taveners 1.5p
Usher (Frank) 1.5p
Ward Hldgs. 2.1p
Waste Management 9cts.
Whinney Mackay-Lewis 0.75p

■ FRIDAY APRIL 5
Birse 1.65p
Bradford Prop. Tst. 10½% Prf. 5.25p
Do. 7% Uns. Ln 92/97 3.5pc.
Browning-Ferris Inds. 17cts.
Colman (E. Alec) Invs. 9% 1st Mtg. Deb. 87/92 4.5pc.
Consolidated 2½% Stk. 1.25pc.
Cooper Clarke 0.5p
Drayton Far Eastern 0.475p
Dudley Jenkins 1.3p
Dyson (J. & J.) 2p
Do. A NV 2p
Edinburgh Inv. Tst. 5¾% Deb. 1998 2.875pc.
English & Scot. Investors 2.5p
Do. B Tst. 0.021875p
Do. 5% Prf. 1.75p
Francis Inds. 9% Uns. Ln. 94/99 4.5pc.
Galliford 0.95p
M. & G. Australasian 1.233p
McMullen 10½% Prf. 5.25p
Do. 6½% Prf. 3.25p
Misys 2.16p
Premark Intl. 21cts.
River & Mercantile Smaller Co's Tst. 1.25p
Scottish American Inv. 0.98p
Second Alliance Tst. 11.5p
Do. 4½% Prf. 1.575pc.
Securicor 1.507p
Do. A NV 1.507p
Do. 4.55% Prf. 30.625p
Security Services 2.789p
Selective Assets Tst. 0.75p
Treasury 3% Stk. 1.5pc.
Do. 8% Ln. 2002/06 4pc.
Watney, Mann & Truman 3¾% Irrd. Deb. 1.875pc.
Do. 4¼% Irrd. Deb. 2.125pc.
Yeoman Inv. Tst. 1.5p

■ SATURDAY APRIL 6
Bampton Property 7¾% Uns. Ln. 91/96 3.875pc.
Bellway 9.5% Prf. 2014 4.75p
Elbief 0.181p
Gold Greenlees Trott 3.3p
Greenall Whitley 7% Irrd. Uns. Ln. 3.5pc.
Do. 8⅛% Irrd. Uns. Ln. 4.0625pc.
Mosaic Invs. 3.5p
Peel Hldgs. 1p
Pepe 2.5p
Practical 1p
Scottish National Tst. 1.85p
Sturge Hldgs. 11p

BUSINESSES FOR SALE

PLANT & MACHINERY

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Thursday, March 28, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	57.073	33.4738	40.4276
Albania	(Lek)	10.1093	5.8132	3.4095	4.1178
Algeria	(Dinar)	30.1200	17.3202	10.1585	12.2688
Andorra	(Fr Fr)	10.0550	5.782	3.3912	4.0957
	(Sp Peseta)	182.95	105.204	61.7032	74.5213
Angola	(Kwanza)	112.890(4)	64.9166	38.0741	45.9837
Antigua	(E Carr $)	4.6845	2.6937	1.5799	1.9081
Argentina	(Austral)	16706.6	9607.02	5634.6	6805.13
Aruba	(Florin)	3.1057	1.7859	1.0474	1.265
Australia	(Aus $)	2.2380	1.2869	0.7548	0.9116
Austria	(Schilling)	20.785	11.9522	7.0101	8.4663
Azores	(Port Escudo)	261.40	150.316	88.1618	106.477
Bahamas	(Bahama $)	1.7390	1	0.5865	0.7083
Bahrain	(Dinar)	0.6518	0.3748	0.2198	0.2654
Balearic Is	(Sp Peseta)	182.95	105.204	61.7032	74.5213
Bangladesh	(Taka)	60.00	34.5025	20.236	24.4399
Barbados	(Barb $)	3.4896	2.0066	1.1769	1.4214
Belgium	(Belg Fr)	61.20	35.1926	20.6408	24.9287
Belize	(B $)	3.4700	1.9953	1.1703	1.4134
Benin	(CFA Fr)	502.75	289.103	169.562	204.786
Bermuda	(Bermudian $)	1.7390	1	0.5865	0.7083
Bhutan	(Ngultrum)	34.00	19.5514	11.4671	13.8492
Bolivia	(Boliviano)	6.0812	3.4969	2.0509	2.477
Botswana	(Pula)	3.4535	1.9859	1.1647	1.4067
Brazil	(Cruzeiro)	415.105	238.703	140.002	169.086
Brunei	(Brunei $)	3.1185	1.7932	1.0517	1.2702
Bulgaria	(Lev)	39.870	22.9269	13.4468	16.2403
Burkina Faso	(CFA Fr)	502.75	289.103	169.562	204.786
Burma	(Kyat)	11.4572	6.5883	3.8641	4.6668
Burundi	(Burundi Fr)	309.50	177.976	104.384	126.069
Cambodia	(Riel)	798.10	458.942	269.174	325.092
Cameroon	(CFA Fr)	502.75	289.103	169.562	204.786
Canada	(Canadian $)	2.0110	1.1564	0.6782	0.8191
Canary Is	(Sp Peseta)	182.95	105.204	61.7032	74.5213
Cp. Verde	(CV Escudo)	124.0352	71.3255	41.8331	50.5235
Cayman Is	(CI $)	1.4401	0.8281	0.4856	0.5865
Cent.Afr. Rep	(CFA Fr)	502.75	289.103	169.562	204.786
Chad	(CFA Fr)	502.75	289.103	169.562	204.786
Chile	(Chilean Peso)	599.09	344.503	202.054	244.029
China	(Renminbi Yuan)	9.1283	5.2491	3.0786	3.7182
Colombia	(Col Peso)	1036.42	595.986	349.551	422.167
Comoros	(CFA Fr)	502.75	289.103	169.562	204.786
Congo (Brazz)	(CFA Fr)	502.75	289.103	169.562	204.786
Costa Rica	(Colon)	199.178	114.536	67.1763	81.1315
Côte d'Ivoire	(CFA Fr)	502.75	289.103	169.562	204.786
Cuba	(Cuban Peso)	1.3819	0.7946	0.466	0.5628
Cyprus	(Cyprus £)	0.8237	0.4736	0.2778	0.3355
Czechoslovakia	(Koruna)	50.39c	28.9764	16.9949	20.5254
		52.22t	30.0287	17.6121	21.2708
Denmark	(Danish Kroner)	11.4000	6.5554	3.8448	4.6435
Djibouti Rep	(Djib Fr)	303.00	174.238	102.192	123.422
Dominica	(E Carrib $)	4.6845	2.6937	1.5799	1.9081
Dominican Rep	(D Peso)	22.8153	13.1197	7.6948	9.2934
Ecuador	(Sucre)	1820.03o	1046.6	613.838	741.356
		1680.21a	966.193	566.681	684.403
Egypt	(Egyptian £)	5.7200	3.2892	1.9291	2.3299
El Salvador	(Colon)	13.9223	8.0059	4.6955	5.6709
Equat'l Guinea	(CFA Fr)	502.75	289.103	169.562	204.786
Ethiopia	(Ethiopian Birr)	3.5650	2.05	1.2023	1.4521
Falkland Is	(Falk £)	1.00	0.575	0.3372	0.4073
Faroe Is	(Danish Kroner)	11.4000	6.5554	3.8448	4.6435
Fiji Is	(Fiji $)	2.5772	1.482	0.8692	1.0497
Finland	(Markka)	7.0290	4.0419	2.3706	2.8631
France	(Fr)	10.0550	5.782	3.3912	4.0957
Fr. Cty/Africa	(CFA Fr)	502.75	289.103	169.562	204.786
Fr. Guiana	(Local Fr)	10.0550	5.782	3.3912	4.0957
Fr. Pacific Is	(CFP Fr)	180.00	103.508	60.7082	73.3197
Gabon	(CFA Fr)	502.75	289.103	169.562	204.786
Gambia	(Dalasi)	13.2034	7.5925	4.453	5.3781
Germany	(D-Mark)	2.9650	1.705	1	1.2077

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	637.74	366.728	215.089	259.772
Gibraltar	(Gib £)	1.00	0.575	0.3372	0.4073
Greece	(Drachma)	321.93	185.124	108.577	131.132
Greenland	(Danish Krone)	11.4000	6.5554	3.8448	4.6435
Grenada	(E Carr $)	4.6845	2.6937	1.5799	1.9081
Guadaloupe	(Local Fr)	10.4000	5.9804	3.5075	4.2362
Guam	(US $)	1.7390	1	0.5865	0.7083
Guatemala	(Quetzal)	8.7396	5.0256	2.9475	3.5599
Guinea	(Fr)	1075.70a	618.574	362.799	438.167
		520.50n	299.31	175.548	212.016
Guinea-Bissau	(Peso)	1127.75	648.505	380.354	459.369
Guyana	(Guyanese $)	203.36(3)	116.941	68.5868	82.835
Haiti	(Goude)	8.6750u	5	2.9258	3.5336
Honduras	(Lempira)	9.6518	5.5502	3.2552	3.9314
Hong Kong	(HK $)	13.5440	7.7883	4.5679	5.5169
Hungary	(Forint)	131.6391	75.6981	44.3976	53.6208
Iceland	(Icelandic Krona)	104.95	60.3507	35.3962	42.7494
India	(Indian Rupee)	34.00	19.5514	11.4671	13.8492
Indonesia	(Rupiah)	3379.17	1943.17	1139.69	1376.44
Iran	(Rial)	123.30	70.9028	41.5851	50.224
Iraq	(Iraqi Dinar)	0.5936	0.3413	0.2002	0.2417
Irish Rep	(Punt)	1.1130	0.64	0.3753	0.4533
Israel	(Shekel)	3.9100(1)	2.2484	1.3187	1.5926
Italy	(Lira)	2207.25	1269.26	744.435	899.084
Jamaica	(Jamaican $)	14.0318	8.0688	4.7324	5.7156
Japan	(Yen)	245.50	141.173	82.7993	100
Jordan	(Jordanian Dinar)	1.1247	0.6467	0.3793	0.4581
Kenya	(Kenya Shilling)	45.9949	26.449	15.5126	18.7351
Kiribati	(Australian $)	2.2380	1.2869	0.7548	0.9116
Korea North	(Won)	1.6830	0.9677	0.5676	0.6855
Korea South	(Won)	1263.45	726.538	426.121	514.644
Kuwait ‡	(Kuwaiti Dinar)				
Laos	(New Kip)	1214.50	698.39	409.612	494.705
Lebanon	(Lebanese £)	1628.80	936.63	549.342	663.462
Lesotho	(Maluti)	4.7520	2.7326	1.6026	1.9356
Liberia	(Liberian $)	1.7390	1	0.5865	0.7083
Libya	(Libyan Dinar)	0.5023	0.2888	0.1694	0.2046
Liechtenstein	(Swiss Fr)	2.5300	1.4548	0.8532	1.0305
Luxembourg	(Lux Fr)	61.20	35.1926	20.6408	24.9287
Macao	(Pataca)	13.9652	8.0305	4.71	5.6884
Madagascar	(MG Fr)	2913.50	1675.39	982.631	1186.76
Madeira	(Port Escudo)	261.40	150.316	88.1618	106.477
Malawi	(Kwacha)	4.8537	2.791	1.6369	1.977
Malaysia	(Ringgit)	4.8448	2.7859	1.6339	1.9734
Maldive Is	(Rufiya)	17.2804	9.9369	5.8281	7.0388
Mali Rep	(CFA Fr)	502.75	289.103	169.562	204.786
Malta	(Maltese £)	0.5695	0.3274	0.192	0.2319
Martinique	(Local Fr)	10.0550	5.782	3.3912	4.0957
Mauritania	(Ouguiya)	134.38	77.2742	45.322	54.7372
Mauritius	(Maur Rupee)	26.9860	15.5181	9.1015	10.9922
Mexico	(Mexican Peso)	5161.62d	2968.15	1740.85	2102.49
		5193.37a	2986.41	1751.56	2115.43
Miquelon	(Local Fr)	10.0550	5.782	3.3912	4.0957
Monaco	(French Fr)	10.0550	5.782	3.3912	4.0957
Mongolia	(Tugrik)	5.8218	3.3477	1.9635	2.3714
Montserrat	(E Carr $)	4.6845	2.6937	1.5799	1.9081
Morocco	(Dirham)	13.6694	7.8604	4.6102	5.5679
Mozambique	(Metical)	1935.13	1112.78	652.658	788.24
Namibia	(S A Rand)	4.7520	2.7326	1.6026	1.9356
Nauru Is	(Australian $)	2.2380	1.2869	0.7548	0.9116
Nepal	(Nepalese Rupee)	53.9585	31.0284	18.1984	21.979
Netherlands	(Guilder)	3.3425	1.922	1.1273	1.3615
N'nd Antilles	(A/Guilder)	3.1057	1.7859	1.0474	1.265
New Zealand	(NZ $)	2.9600	1.7021	0.9983	1.2057
Nicaragua	(Gold Cordoba)	8.6750(2)	4.9884	2.9258	3.5336
Niger Rep	(CFA Fr)	502.75	289.103	169.562	204.786
Nigeria	(Naira)	16.4652	9.4682	5.5531	6.7068
Norway	(Nor. Krone)	11.5550	6.6446	3.8971	4.7067
Oman	(Rial Omani)	0.6670	0.3835	0.2249	0.2716

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	39.40	22.6566	13.2883	16.0488
Panama	(Balboa)	1.7390	1	0.5865	0.7083
Papua New Guinea	(Kina)	1.6808	0.9665	0.5668	0.6846
Paraguay	(Guarani)	2280.26	1311.25	769.059	928.823
Peru	(New Sol)	0.9800	0.5635	0.3305	0.3991
Philippines	(Peso)	47.00	27.027	15.8516	19.1446
Pitcairn Is	(£ Sterling)	1.00	0.575	0.3372	0.4073
	(NZ $)	2.9600	1.7021	0.9983	1.2057
Poland*	(Zloty)	16670.0	9585.97	5622.26	6790.22
Portugal	(Escudo)	261.40	150.316	88.1618	106.477
Puerto Rico	(US $)	1.7390	1	0.5865	0.7083
Qatar	(Riyal)	6.3064	3.6264	2.1269	2.5687
Reunion Is. de la	(F/Fr)	10.0550	5.782	3.3912	4.0957
Romania	(Leu)	65.76	37.8148	22.1787	26.7861
Rwanda	(Fr)	228.02	131.121	76.9038	92.8798
St Christopher	(E Carr $)	4.6845	2.6937	1.5799	1.9081
St Helena	(£)	1.00	0.575	0.3372	0.4073
St Lucia	(E Carr $)	4.6845	2.6937	1.5799	1.9081
St Pierre	(French Fr)	10.0550	5.782	3.3912	4.0957
St Vincent	(E Carr $)	4.6845	2.6937	1.5799	1.9081
San Marino	(Italian Lira)	2207.25	1269.26	744.435	899.084
Sao Tome	(Dobra)	261.4645	150.353	88.1836	106.503
Saudi Arabia	(Riyal)	6.4975	3.7363	2.1913	2.6466
Senegal	(CFA Fr)	502.75	289.103	169.562	204.786
Seychelles	(Rupee)	9.1000	5.2328	3.0691	3.7067
Sierra Leone	(Leone)	370.65	213.14	125.008	150.978
Singapore	($)	3.1185	1.7932	1.0517	1.2702
Solomon Is	($)	4.6565	2.6776	1.5704	1.8967
Somali Rep	(Shilling)	4545.70	2613.97	1533.12	1851.61
South Africa	(Rand)	4.7520c	2.7326	1.6026	1.9356
		5.6975g	3.2763	1.9215	2.3207
Spain	(Peseta)	182.95	105.204	61.7032	74.5213
Spanish Ports in N Africa	(Sp Peseta)	182.95	105.204	61.7032	74.5213
Sri Lanka	(Rupee)	70.00	40.253	23.6087	28.5132
Sudan Rep	(£)	7.8075o	4.4896	2.6332	3.1802
		19.8658g	11.4236	6.7001	8 0919
Surinam	(Guilder)	3.0970	1.7809	1.0445	1.2615
Swaziland	(Lilangeni)	4.7520	2.7326	1.6026	1.9356
Sweden	(Krona)	10.7200	6.1644	3.6155	4.3665
Switzerland	(Fr)	2.5300	1.4548	0.8532	1.0305
Syria	(£)	36.4350	20.9516	12.2883	14.8411
Taiwan	($)	47.55	27.3433	16.037	19.3686
Tanzania	(Shilling)	350.90	201.783	118.347	142.933
Thailand	(Baht)	44.00	25.3018	14.8397	17.9226
Togo Rep	(CFA Fr)	502.75	289.103	169.562	204.786
Tonga Is	(Pa Anga)	2.2380	1.2869	0.7548	0.9116
Trinidad/Tobago	($)	7.3738	4.2402	2.4869	3.0035
Tunisia	(Dinar)	1.6508	0.9492	0.5567	0.6724
Turkey	(Lira)	6419.95(5)	3691.75	2165.24	2615.05
Turks & Caicos	(US $)	1.7390	1	0.5865	0.7083
Tuvalu	(Australian $)	2.2380	1.2869	0.7548	0.9116
Uganda	(New Shilling)	1077.73	619.741	363.484	438.994
U A E	(Dirham)	6.3633	3.6591	2.1461	2.5919
United Kingdom	(£)	1.00	0.575	0.3372	0.4073
United States	(US $)	1.7390	1	0.5865	0.7083
Uruguay	(Peso)	3080.61	1771.48	1038.99	1254.83
USSR	(Rouble)	1.0311o	0.5929	0.3477	0.42
		3.0933c	1.7787	1.0432	1.26
Vanuatu	(Vatu)	197.00	113.283	66.4418	80.2443
Vatican	(Lira)	2207.25	1269.26	744.435	899.084
Venezuela	(Bolivar)	94.2867	54.2189	31.7998	38.4059
Vietnam	(Dong)	12752.25	7333.09	4300.93	5194.4
Virgin Is-British	(US $)	1.7390	1	0.5865	0.7083
Virgin Is-US	(US $)	1.7390	1	0.5865	0.7083
Western Samoa	(Tala)	4.0198	2.3115	1.3557	1.6373
Yemen	(Rial)	20.9068	12.0223	7.0511	8.516
Yemen PDR	(Dinar)	0.7998	0.4599	0.2697	0.3257
Yugoslavia	(Dinar)	26.4223	15.1939	8.9113	10.7626
Zaire Rep	(Zaire)	6107.00	3511.79	2059.7	2487.58
Zambia	(Kwacha)	92.22	53.0304	31.1028	37.5641
Zimbabwe	($)	5.1226	2.9457	1.7276	2.0865

Special Drawing Rights March 27, 1991 United Kingdom £0.770741 United States $1.35188 Germany D Mark 2.28116 Japan Yen187.033
European Currency Unit Rates March 28, 1991 United Kingdom £0.691945 United States $1.20018 Germany D Mark 2.05891 Japan Yen168.565

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;‡ Kuwaiti dinar unavailable.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Thursday March 28, 1991

(1)Israeli Shekel Devalued 6.25% March 11.(2)Nicaragua New Currency named Gold Cordoba March 4.(3)Guyana $ set at 101.75 against the US Dollar Feb.20.
(4)Angola Kwanza devalued to 60 to the US Dollar,March 18. (5) Turkey revalued by 14% March 26. *Correction March 25 Poland Zlotty £16986.0,$9648.9

APPOINTMENTS

Board posts at Ferguson Marine

■ FERGUSON MARINE, Port Glasgow, a new company, has established the following board. Mr Ross Belch becomes chairman. He was managing director of Scott Lithgow, and is chairman of Athnacraig *Shipping and Gleddoch Hotels.* Mr William Scott is appointed chief executive and managing director. He was chairman and chief executive of North East Shipbuilders. Mr Richard Parkinson, finance director, was group finance director of Clark Kincaid. Sir Ian Denholm, non-executive director, is chairman of Denholm Shipping Group. Mr Gordon Parham, non-executive director, is chairman of Fednav Europe.

■ *Mr Magnus Mowat has* been appointed a non-executive director of ALLEN, Wigan. He is a consultant to Barclays de Zoete Wedd in Manchester.

Mr Rohan Courtney *(pictured)* has been appointed group managing director, a new post, at the ROBERT FRASER GROUP, and to the boards of the principal operating subsidiaries, including the merchant banking arm, Robert Fraser & Partners. He was general manager of the London branch of the State Bank of New South Wales.

■ Mr Richard Sands joins the *board of EUROSTEEL* PRODUCTS as managing director of the UK division.

■ Mr William M. Pybus has *been appointed chairman of* HOMEOWNERS FRIENDLY SOCIETY, Harrogate. He has been on the board since 1980, and is chairman of AAH Holdings. Other directorships include Siebe, Cornhill Insurance, and Bradford & Bingley Building Society. Mr Pybus succeeds founder chairman Mr Bob Gardner who died early last month. Mr Peter N. Sparling, senior partner of Blacks, solicitors in Leeds, becomes vice chairman.

■ Dr Mario Fertonani has resigned from the board of GLAXO HOLDINGS to take early retirement. Dr Ernest Mario, in addition to his existing duties as group chief executive, will take over direct responsibility for Glaxo's operating companies in Europe, the Middle East, and Northern and East Africa.

■ Mr Barrie Holder, finance director and general manager, General Accident Fire and Life Assurance Corporation, has joinedthe board of McKAY SECURITIES.

■ *GM BENEFIT* CONSULTANTS (SCOTLAND), part of the Guinness Mahon group, has appointed Ms Marjorie H. Moncrieff as *deputy chairman.*

■ *Mr J. Howard Chandler,* group external affairs director, has been appointed to the *management committee of* GRAND METROPOLITAN from April 1.

■ Mr R.J. Chadwick has been appointed managing director of STEELITE INTERNATIONAL, Stoke-on-Trent. He was chief executive of Royal Doulton hotelware and airline division.

■ KAWASAKI KISEN KAISHA has made the following appointments at its new UK agency company, "K" Line (UK) based in London. Mr Ken Watanabe becomes managing director, transferring from the export sales division in Osaka where he was general manager. Mr Chris Showell has joined as director and general manager. He has worked for P&O, NFC, CP Ships and Canada Maritime. "K" Line (UK) starts trading on June 1.

■ DEBORAH GRAYSTON SCAFFOLDING, part of BET Plant Services, has appointed to the board Mr Ray Bevan, a regional director, and Mr Chris Spencer, surveying director.

■ TOTAL OIL MARINE, UK exploration and production subsidiary of Total, has appointed *Mr Douglas Edwards* as a director. He was commercial manager. Mr Jean-Louis Daniaud, director of government and public *affairs, has retired.*

■ ST PAUL (UK) has appointed Mr Paul Redpath as senior underwriter, in the reinsurance underwriting property team, and Mr Steven Wilson joins the actuarial team.

■ LONDON LIFE has appointed Mr Sandy Mackintosh as head of business development from today. He was training director at Save & Prosper.

■ TUDOR WEBASTO, Sutton Coldfield, car sunroof manufacturer, has appointed Mr Geoff Chapman as managing director. He was managing director of sister company Webasto Schade.

■ Mr Philip Birch has joined THE NIKKO SECURITIES CO (EUROPE) as manager, UK and European equity sales. He was UK agency broker at Girozentrale Gilbert Elliot.

■ Mrs Janet Cohen, a director of Charterhouse Bank, has been appointed a director of YORKSHIRE BUILDING SOCIETY, Bradford. Mr Peter Courtney, finance director of Throgmorton Trust, also becomes a director.

■ Mr Paul Fletcher is to head the marketing services section at CIGNA/CRUSADER. He was business controller, market segments.

Mr Christopher A. Palmer *(pictured)* has been appointed group managing director of TIPHOOK, responsible for all subsidiary operational rental companies. He was managing director of Tiphook Container Rental.

WORLD STOCK MARKETS

AMERICA

Weak NAPM report leaves Dow depressed

Wall Street

A WEAK purchasing managers' report and downgrades in the technology sector depressed share prices in a quiet session yesterday morning, *writes Patrick Harverson in New York.*

By midday the Dow Jones Industrial Average was down 22.52 at 2,891.34, its lowest point of the session. The broader-based Standard & Poor's 500 was also weaker, down 2.82 at 372.40, while the Nasdaq composite of over the counter stocks was down 2.91 at 479.39.

NYSE turnover by noon was extremely light at 68m shares amid reports that some dealers and investors had stayed at home for the day.

Share prices opened weaker following the publication of the March report from the National Association of Purchasing Managers which showed production down for the eighth consecutive month, and employment at its lowest level since November 1982; this outweighed better news on inflation, the NAPM prices index falling sharply for the third month in a row.

Also contributing to the bearish sentiment was a series of brokers' downgrades of Digital Equipment, the leading computer group. Led by Merrill Lynch, several Wall Street securities houses lowered their quarterly earnings estimates for Digital in light of current trading conditions. Kidder Peabody slashed its estimate of third quarter profits from $1.25 a share to 88 cents a share.

The news pushed Digital $4⅛ lower to $64, and had a knock-on effect in the technology sector. IBM slipped $2 to $112¼, Compaq $1⅝ to $61, Unisys $⅛ to $4¾ and Hewlett Packard $1⅝ to $48⅝.

Warnings of a loss from American Airlines, although scarcely surprising to a market weary of bad news from troubled US carriers, sent shares in AMR, the airline's parent group, down $1⅛ to $57.

Bad earnings news saw US Shoe fall $⅝ to $11¼ after reporting an after-tax loss of $31m and a pre-tax restructuring charge of $90m, and Pioneer Financial slip $⅞ to $7½ after reporting a fourth quarter loss of $3.33 a share, down from a profit of 61 cents a share a year earlier.

On the over-the-counter market Synergen fell $1½ to $34 on reports that Mr Robert Kupor, the Kidder Peabody analyst, had downgraded his rating on the company's stock. Napa Valley Bancorp jumped $3 to $14 after the company received an unsolicited bid from Westamerica Bancorp.

Canada

TORONTO was trading in a narrow range by mid-day in extremely light trade. The closure of most European markets kept investors cautious, and worries about more poor first quarter earnings results in Canada and the US also limited business.

The composite index lost 3.3 to 3,492.3. Advances led declines by 158 to 141 on volume of 4.1m shares.

EUROPE

Bourses' fortunes mixed

MIXED fortunes attended the few continental markets to open yesterday. **MADRID** posted strong early gains but ended off its day's highs after limp start on Wall Street, the Madrid general index ending 2.41 higher at 286.70 with construction the biggest winner of the day. Turnover was razor-thin, estimated at Pta9bn. In **LISBON**, the BTA index rose 20.4 to 2,439.5.

ISTANBUL, however, was sharply down, the market index falling 205.46, or 4.5 per cent to 4,314.49, on the effect of a surging US dollar and the lack of new foreign loans to lift the domestic economy.

Consolidation slows down French switchback ride

Most analysts think that share prices — a few excepted — may have peaked, writes **William Dawkins**

INVESTORS on the Paris bourse have had one of the most exciting rides in Europe since the start of the year, but the outlook seems dull for the next few months.

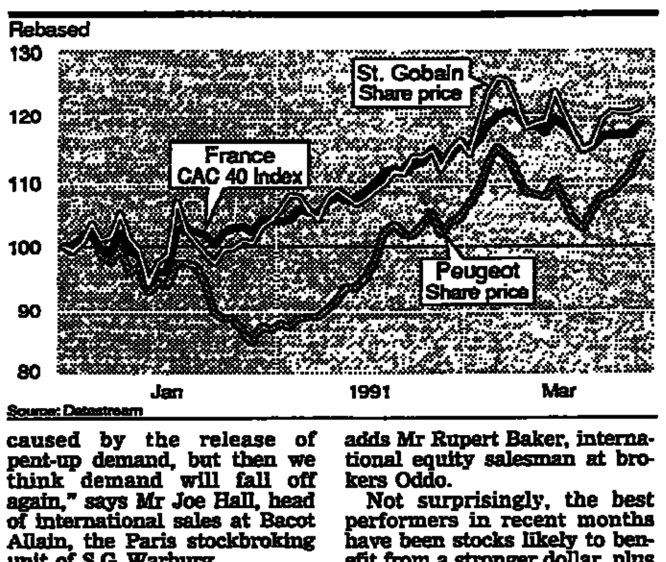
The CAC 40 index shot up from the 1,500 level at the turn of the year, driven by the boost to French competitiveness in export markets offered by the dollar's rise and by hopes of an interest rate cut. It peaked at just above 1,820 about a fortnight ago, with turnover running at a healthy FFr2.5bn ($436m) a day. It drifted back, and then perked up again late last week to 1,816, a two-week high, but still 6.9 per cent below the level at which it stood last August 1, the day before Iraqi President Saddam Hussein invaded Kuwait. By the end of last week, daily turnover had fallen back to around FFr2bn.

Most brokers are now looking for several months of consolidation. When the interest rate cut came on March 18, it was a disappointing quarter of a percentage point to 9 per cent. The franc continues to sit at the bottom of its permitted band in the European exchange rate mechanism, making further reductions unlikely.

Meanwhile, the results season has been as poor as expected, with an average 6 per cent decline in 1990 profits for the top 200 quoted companies, and "an extremely difficult outlook for the first half of 1991", says Mr David Harrington, an analyst at DLP James Capel.

After a 0.4 per cent decline in gross domestic product in the final quarter of 1990, analysts are expecting the first three months of this year to show a decline of the same order, technically indicating a recession.

"We see no material signs of a pick-up in the economy after the Gulf war. There will be some small upturn, a blip



Source: Datastream

caused by the release of pent-up demand, but then we think demand will fall off again," says Mr Joe Hall, head of international sales at Bacot Allain, the Paris stockbroking unit of S.G. Warburg.

"Interest rates will have to come back a bit more if there is to be a lasting recovery," adds Mr Rupert Baker, international equity salesman at brokers Oddo.

Not surprisingly, the best performers in recent months have been stocks likely to benefit from a stronger dollar, plus cyclical stocks in sectors such as engineering and construction, sensitive to general improvements in industrial demand.

"The recent rise in certain share prices – especially the cyclicals – depended on expectations of a rapid exit from the recession, corresponding to the most optimistic scenario, and so constituting a key factor in our caution," warns brokers Cholet-Dupont.

However, DLP James Capel and some others think that the Peugeot car group and Saint-Gobain, the glass and pipes maker, have not yet seen a full re-rating.

Another trend has been a slight pick-up in acquisitions, including the contested bid from Schneider, the engineering group, for Square D, the US electrical equipment maker, plus the buying in of minorities by several holding groups.

These include Compagnie Bancaire's offer for the outstanding shares in its UCB property lending subsidiary, Suez's decision to take full ownership of Compagnie La Hénin, the food and property holding group, and the offer from Paribas to buy out minority shareholders in Ciments Français and Poliet.

These minority acquisitions are probably motivated by the holding companies' realisation that their subsidiaries are undervalued, presenting a useful opportunity for them to increase their asset bases, argues Bacot Allain's Mr Hall.

In the coming months, several analysts believe that the supply of rights issues which has hit the UK recently could spread to Paris and other European markets. Accor, in hotels, Schneider, Assurances Générales de France, the insurer, and Total, the oil group, are cited as possibilities. Heavily indebted companies which were planning to issue new equity before the markets went into a nose-dive in the second half of last year may also want to take the opportunity now.

ASIA PACIFIC

Arbitrageurs depress Nikkei as institutions stay away

Tokyo

A LACK of institutional involvement left equities vulnerable to arbitrage unwinding yesterday, and the Nikkei average turned lower as traders sold in the cash market against futures, *writes Emiko Terazono in Tokyo.*

The 225-issue average, which opened at the day's high of 26,237.79, fell below the 26,000 level to the day's low of 25,914.29, and eventually finished at 26,007.40, down 284.64 from Friday's close.

Activity remained subdued with 300m shares changing hands. Lack of participation on the domestic side and the absence of foreign investors due to the Easter holidays depressed turnover.

"There are no incentives for institutions to trade," said Mr Toyoharu Tsutsui at CS First Boston. He added that at the moment Tokyo was a mere shadow of overseas markets, and investors were waiting for movements in the US and in Europe.

Losers led gainers by 554 to 404 with 171 unchanged. The Topix index of all first section stocks fell 10.77 to 1,959.96.

Investors focused on smaller, laggard issues, and stocks recommended by the four big brokerages. Chiyoda, the plant engineer, was the most active issue of the day and gained Y100 to Y2,930. Investors were attracted to its growth potential in plant projects, especially in south east Asia.

Special steels, also on the recommendations list, advanced. Nippon Light Metal, the leading aluminum producer, gained Y46 to Y1,020, Nisshin Steel added Y27 to Y704, and Sankyo Aluminium rose Y10 to Y1,570.

Interest-rate sensitive issues fell as the yen remained low against the dollar. The central bank is expected to maintain the current stance on monetary policy as long as the yen does not regain ground. Tokyo Electric Power lost Y30 to Y3,810.

Following yesterday's official merger between Kyowa Bank and Saitama Bank, shares in the new Kyowa Saitama Bank rose Y40 to Y1,200. The merger makes Kyowa Saitama Bank Japan's eighth largest in terms of deposits, and investors favoured the bank's projected growth in the retail banking sector. Other bank issues lost ground with Industrial Bank of Japan declining Y30 to Y3,620, and Fuji Bank falling Y70 to Y2,540.

Zexel, the fuel injection pump maker, rose Y73 to Y918, advancing for the fifth trading day on reports that the company will start electronic sensor production for air bags under a technological tie-up with a German company.

Mitsubishi, the trading company, fell Y10 to Y1,330 on reports that tax authorities are investigating a Y1.5bn discrepancy in the company's reports regarding purchases of two Renoir paintings.

Smaller-capital issues continued to rise, with the second section advancing 0.18 to 3,240.86, and the OTC average gaining 42.22 to 2,903.06.

In Osaka, the OSE average fell 11.72 to 29,163.37 on volume of 32.4m shares. Investors sought small and medium capital issues backed by brisk earnings. Sanoyas, a ship builder belonging to the Sumitomo group, gained Y90 to Y1,690. It is expected to post Y2bn in pre-tax profits for the year ended March.

Roundup

SENTIMENT, and the level of activity were both mixed in the region yesterday. Australia, New Zealand and Hong Kong were closed for the Easter Monday holiday. However, economic prospects moved both Taiwan, and South Korea.

TAIWAN continued its upward career on improved economic fundamentals, the weighted index finishing another 157.98, or 3.1 per cent higher at 5,297.92, its highest closing level since Iraq invaded Kuwait on last August 2.

Volume rose from T$74.3bn to T$79.8bn. Export-driven textile and paper stocks registered the steepest advances in the first quarter of 1991, climbing by 51.1 per cent and 50.3 per cent respectively.

BOMBAY climbed on hopes that institutional demand will rise, the BSE index rising 25.64, or 2.2 per cent to 1,193.61. Brokers estimated that the institutions had raised some Rs6bn through tax-effective, equity-linked savings schemes over the past two months.

MANILA made a 13-month high in moderately active trading, the composite index rising 20.04, or 1.8 per cent to 1,117.90 with gains in the commercial-industrial and oil sectors outweighing a decline in mines.

SEOUL resumed its decline after a recovery on Saturday, the composite index falling 9.80 to 650.05 in turnover down from Won122.1bn to Won104.5bn.

The renewed downturn was blamed largely on the South Korean government's tight monetary policy. which aims at curbing rising prices after a 4.9 per cent jump in consumer during the first three months of this year; the Bank of Korea also predicted yesterday that bank credits to the private sector during the second quarter will be reduced to Won3 trillion from Won5trn for the same period of last year.

SINGAPORE found trading subdued by holidays in the UK and Hong Kong. The Straits Times Index, weighted toward blue chips, fell 4.46 to 1,486.37 and turnover was S$105.1m, down from S$168m last Thursday.

Malaysia's Dunlop Estates, which recommenced trading yesterday after a restructuring and suspension, was the most active stock in both Singapore and Malaysia; 9.4m shares were traded in Singapore, and some 13m in Kuala Lumpur. The stock also posted by far the steepest gains, more than doubling to S$2.16 from the S$1.00 level where it was suspended late last year. The restructuring saw the sale of all Dunlop's plantation assets and the eventual purchase of a controlling stake in the lottery company, Magnum.

KUALA LUMPUR closed mixed, the KLSE composite index rising just 0.01 at 587.06 in thin and cautious trading.

BANGKOK weakened, the SET index closing 8.56 lower at 857.18. Some traders said that Thai stocks could firm soon, as listed companies will announce their first quarter results this month.

JAKARTA eased in the face of tight liquidity and a lack of buying orders, the official index closing 1.02 lower at 407.09 in volume down from 4.70m shares to 1.81m.

US COMMODITIES PRICES

New York

GOLD 100 troy oz.; $/troy oz.

	Latest	Previous	High/Low	
Apr	359.7	357.1	360.7	357.0
Jun	361.9	359.4	362.7	359.1
Aug	364.5	362.5	364.8	362.8
Feb	375.0	372.7	375.0	374.0

PLATINUM 50 troy oz; $/troy oz.

	Latest	Previous	High/Low	
Apr	392.0	389.8	392.5	388.5
Jul	398.5	395.8	398.5	393.5
Oct	402.0	399.5	403.0	398.5
Jan	404.0	403.3	404.0	402.0

SILVER 5,000 troy oz; cents/troy oz.

	Latest	Previous	High/Low	
May	395.0	386.8	397.0	386.5
Jul	400.0	391.4	401.3	390.5
Sep	405.0	396.2	405.0	397.5
Dec	412.0	403.1	413.0	404.0
Mar	418.5	410.7	420.0	417.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	106.40	106.40	107.25	106.30
May	106.50	106.20	107.40	106.20
Jul	105.30	105.00	105.80	105.20
Aug	105.20	104.45	105.20	105.20
Sep	104.60	103.90	104.90	104.60
Dec	103.00	102.60	103.40	103.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.67	19.63	19.74	19.56
Jun	19.48	19.48	19.58	19.42
Jul	19.37	19.37	19.48	19.34
Aug	19.32	19.29	19.38	19.25
Sep	19.36	19.27	19.37	19.30
Oct	19.37	19.29	19.40	19.30
Nov	19.40	19.31	19.40	19.30
Jan	19.45	19.33	19.45	19.35

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5445	5481	5480	5430
Jul	5310	5334	5360	5310
Aug	5375	5394	5415	5375
Sep	5510	5514	5535	5525
Oct	5600	5604	5650	5600
Dec	5800	5780	5800	5790

COCOA 10 tonnes;$/tonnes

	Latest	Previous	High/Low	
May	1136	1105	1137	1110
Jul	1167	1138	1167	1142
Sep	1200	1169	1200	1180
Dec	1233	1201	1233	1209
Mar	1245	1233	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Latest	Previous	High/Low	
May	95.10	94.70	95.40	94.25
Jul	97.20	96.65	97.40	96.30
Sep	99.10	98.35	99.15	98.50
May	106.00	104.90	0	0
Jul	107.95	106.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	9.02	8.90	9.02	8.90
Jul	8.79	8.68	8.79	8.68
Oct	8.64	8.52	8.64	8.52
Mar	8.39	8.28	8.39	8.28
May	8.43	8.32	8.43	8.29
Jul	8.40	8.43	8.39	8.32

COTTON 50,000; cents/lbs

	Latest	Previous	High/Low	
May	83.45	81.82	83.75	82.92
Jul	83.60	82.11	83.80	83.05
Oct	73.29	72.08	73.40	72.61
Dec	69.12	68.05	69.25	68.55
Mar	69.90	68.95	69.90	69.65
May	70.20	69.45	70.20	69.80
Jul	69.60	69.20	69.80	69.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	117.20	115.55	117.55	115.90
Jul	117.25	115.65	117.45	116.25
Sep	117.50	116.00	117.60	116.25
Nov	116.50	115.80	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Latest	Previous	High/Low	
May	591/2	574/6	593/0	579/0
Jul	604/0	587/2	605/6	592/0
Aug	609/4	593/2	611/0	598/2
Sep	614/4	598/2	615/6	604/4
Nov	625/0	608/2	627/0	615/0
Jan	635/4	619/4	637/4	626/2

SOYABEAN OIL 60,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	21.67	21.23	21.74	21.30
Jul	22.00	21.59	22.08	21.65
Aug	22.17	21.75	22.32	21.80
Sep	22.27	21.87	22.40	21.97
Dec	22.63	22.23	22.70	22.33

SOYABEAN MEAL 100 tons; $/ton

	Latest	Previous	High/Low	
May	173.0	167.7	174.0	169.0
Jul	176.7	171.3	177.8	173.0
Aug	178.4	173.0	179.3	174.5
Dec	185.3	180.0	186.3	182.0

MAIZE 5,000 bu min; cents/56lb bushel

	Latest	Previous	High/Low	
May	257/0	252/6	258/0	254/6
Jul	264/4	259/4	265/4	262/0
Sep	264/0	258/0	265/0	261/4
Dec	264/0	258/6	265/0	261/2
Mar	271/0	264/0	271/4	268/4
May	276/2	268/6	276/4	273/6
Jul	279/2	271/6	279/4	274/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Latest	Previous	High/Low	
May	292/2	286/6	294/0	286/4
Jul	301/2	296/0	303/0	296/0
Sep	309/2	303/4	310/4	304/4
Dec	322/4	316/6	324/0	319/4
Mar	330/0	324/4	330/0	328/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	81.85	81.40	81.95	81.65
Jun	77.62	77.12	77.80	77.20
Aug	74.85	74.45	74.97	74.60
Oct	76.37	75.92	76.45	75.97
Dec	76.47	76.05	76.47	76.05
Feb	76.12	75.75	76.12	75.95
Apr	76.30	75.90	76.30	76.20

LIVE HOGS 30,000 lb; cents/lbs

	Latest	Previous	High/Low	
Apr	52.80	53.12	53.12	51.90
Jun	57.70	58.42	58.00	57.30
Jul	56.85	57.36	57.10	56.45
Aug	54.00	54.42	54.32	53.60
Oct	48.40	48.35	48.65	48.05
Dec	47.90	47.37	47.90	47.50
Feb	46.65	46.45	47.00	46.65
Apr	45.50	45.10	45.75	45.40

PORK BELLIES 40,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	66.95	67.80	67.65	65.80
Jul	65.55	66.42	66.00	64.42
Aug	63.45	64.25	63.95	62.25
Feb	59.75	60.75	60.00	59.00

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR'S) IN SHARP CORPORATION

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date March 31, 1991. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from March 26, 1991. Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.

Coupon No 21 will be used for collection of this dividend.

CITIBANK, N.A., London.
28th March, 1991 Depositary.

COMPANY NOTICES

sfa

THE SECURITIES AND FUTURES AUTHORITY

The merger of The Securities Association Limited and The Association of Futures Brokers and Dealers Limited to form The Securities and Futures Authority Limited became effective on 1st April 1991. The address of the merged organisation is:

The Stock Exchange Building
Old Broad Street
London EC2N 1EQ

Tel: 071 256 9000

ARAB REPUBLIC OF EGYPT

Ministry of Reconstruction, New Communities, Housing and Utilities.

The Organisation for the Execution of the Greater Cairo Wastewater Project.

Invitation to Prequalify as a Specialist Operation and Maintenance Company for the supply of services for the Operation and Maintenance of specified new East Bank Wastewater Systems and Facilities, located on the East Bank of the River Nile within the boundary of Greater Cairo.

The Organisation for the Execution of the Greater Cairo Wastewater Project (CWO) invites UK specialist Operation and Maintenance companies to apply for a formal questionnaire to prequalify for tendering for Contract No 18 which will include full operation and maintenance and standby maintenance and safekeeping of specific East Bank facilities; with associated training and advisory services to enable the Operating Agency, currently the General Organisation for Sanitary Drainage (GOSD), to thereafter effectively take over full responsibility for the systems and facilities.

Contract No 18 is expected to commence within the last quarter of 1991 and to have an 18 months duration.

UK companies will be required to return the questionnaire in the name of a joint venture undertaken with a suitable Egyptian company, to be identified by the UK companies.

The specific major components of the East Bank Facilities include:

a) Ameria Tunnel Pumping Station which includes 8 No. vertical shaft and suction centrifugal pumps each of 3600 l/sec. capacity driven by a 975 kW motor.
b) Ameria Collector Pumping Station which includes 4 No. Archimedean screw pumps each of 2170 l/sec. capacity driven by a 280 kW motor.
c) Kossous Screw Pumping Station which includes 12 No. Archimedean screw pumps each of 2170 l/sec. capacity driven by a 280 kW motor.
d) Kossous Transfer Pumping Station which includes 5 No. vertical shaft and suction centrifugal pumps each of 1350 l/sec. capacity driven by a 275 kW motor.
e) Khalag Screw Pumping Station which includes 10 No. Archimedean screw pumps each of 2170 l/sec. capacity driven by a 290 kW motor.
f) Standby Generating Stations located at:
i) Ameria Stations site and consisting of 4 No. 3.25 MW diesel Generating sets.
ii) Kossous Stations site and consisting of 3 No 2.7 MW Diesel Generating sets.
iii) Khalag Station site and consisting of 3 No 2.5 MW Diesel Generating sets.
g) All other major electrical and mechanical equipment and components associated with the operation and maintenance of the pumping stations, switchgear and standby generating stations.

The Contract will be priced in Egyptian Pounds and Sterling. The Sterling technical assistance component is expected to be funded by the British Government, Overseas Development Administration (ODA).

Companies requesting copies of the questionnaire must submit a brief summary description of their experience, extending to not more than two pages, in the operation and maintenance of similar facilities to:-

The Chairman of CWO, 44 Ramses Street, Cairo, Egypt

with duplicate copies to:

AMBRIC, P O Box 2265 - 11511, Ataba Square, Cairo; and
Taylor Binnie & Partners, Grosvenor House, 69 London Road, Redhill, Surrey RH1 1LQ

Written requests must arrive, at the above addresses, no later than 12.00 noon local times on 8 April 1991, after which time no further requests will be considered. The return date for completed questionnaires is expected to be 9 May 1991.

WORLD STOCK MARKETS

AUSTRIA

March 28	Sch	+ or −
Austrian Airlines	3,195	....
Creditanstalt	3,080	....
EA General	4,570	....
Jungbunzlauer	11,399	....
Laenderbank	1,320	....
OeMv	9,160	....
Perlmooser Zement	1,495	....
Radex Heraklith	896	....
Reininghaus Brue	2,010	....
Steyr Daimler	409	....
Veitscher Magnesit	810	....
Verbund (Br) A	529	....
Wienerberger	5,840	....

BELGIUM/LUXEMBOURG

March 28	Frs.	+ or −
ACEC-Union Min	2,835	....
Arbed	4,155	....
BBL	2,990	....
Bank Intl a Lux	12,500	....
Banq Gen Lux Pts	12,400	....
Barco	1,400	....
Bekaert	9,940	....
CBR Ciment	8,000	....
Cobepa	5,390	....
Cobepa AFV 1	5,290	....
Cockerill Priv	170	....
Colruyt	3,090	....
Delhaize Frs Lion	7,600	....
Electrabel	4,850	....
Electrabel AFV	4,710	....
Electrafina ACT	3,050	....
Fabrique Nat	115	....
GBL AFV 1	3,600	....
GIB Group AFV	1,300	....
GBL	3,750	....
GIB Group	1,296	....
Gechem	752	....
Gechem AFV	748	....
Generale Banque	5,450	....
Gen Banque AFV 1	5,480	....
Gevaert	7,550	....
Kredietbank	4,045	....
Kredietbk AFV	4,130	....
Pan Holding Lux	13,550	....
Petrofina	11,325	....
Powerfin	2,790	....
Powerfin AFV	2,750	....
Royale Belge	4,945	....
Royale Belge AFV 1	4,800	....
Soc Gen Belge	2,320	....
Soc Gen Belge AFV	2,375	....
Sofina	11,925	....
Solvay	13,000	....
Tessenderlo	6,950	....
Tessenderlo AFV	6,770	....
Tractebel	8,350	....
Tractebel AFV 1	8,390	....
UCB	18,950	....
UCB AFV	19,950	....
Wagons Lits	7,990	....
Wagons Lits AFV	7,770	....

DENMARK

March 27	Kr	+ or −
Baltica Holding Reg	800	....
Carlsberg A	1,560	....
D/S 1912 A	96,500	....
Danisco	952	....
Den Danske Bank	309	....
East Asiatic	197	....
FLS Ind B	939	....
Gen Store Nord	825	....
Hafnia Invest A	734	....
ISS Intl Serv B	901	....
Jyske Bank Reg	375	....
Lauritzen (J) B	1,460	....
NKT A/S	342	....
Novo Nord B	409	....
Sophus Berend B	1,510	....
Superfos	4,850	....
TopDanmark	1,010	....
Unidanmark A	255	....

FINLAND

March 27	Mka	+ or −
Amer	63	....
Cultor	55	....
Enso R	17.50	....
Huhtamaki I Free	90	....
KOP	37	....
Kone	520	....
Kymmene	78	....
Metra B Free	93	....
Nokia Pref Free	81	....
Pohjola B Free	88.50	....
Repola (Free)	74.40	....
Stockmann B	125	....
Tampella Free	30	....
UBF C	26	....

FRANCE

March 28	Frs.	+ or −
Accor	797	....
Air Liquide	709	....
Alcatel Alsthom	613	....
Arjomari Prioux	2,160	....
Auxil Entrepr	1,076	....
Axa	1,139	....
BIC	740	....
BSN	827	....
BNP Cert Inv	298.50	....
Bancaire Cie	503xd	....
Beghin-Say	698	....
Beghin Say Cert Inv	572	....
Bongrain	2,550	....

FRANCE (continued)

March 28	Frs.	+ or −
Bouygues	577	....
CGIP	1,115	....
C M B Packaging	139.50	....
Canal+	969	....
Cap Gemini S	407	....
Carrefour	3,667	....
Casino	147.90	....
Cetelem	660xd	....
Chargeurs	820	....
Ciments Fr	425#	....
Club Mediterranee	509	....
Cogifi	384.10	....
Coparex	560	....
C C F	178	....
Cr Fonc France	1,063	....
Cred Lyon (CI)	652	....
Credit Nationale	1,200	....
Damart	1,890	....
Docks de France	3,982	....
Dollfus Mieg Cie	387.50	....
EBF	812	....
Eaux Cie Genl	2,580	....
Ecco	380	....
Elf-Aquitaine	346.60	....
Elf-Aquitaine Certs	235	....
Essilor Int	386.50	....
Elex	1,860	....
Eurafrance	1,741	....
Eurocom	850	....
Euro Disney	118	....
Euromarche	4,219	....
Exor	1,413	....
Finextel	150	....
Fonc Lyonnaise	818	....
From C et Auv	2,000	....
GTM-Entrepose	430	....
Gaumont (Soc N)	985	....
Gen Occidentale	685	....
Geophysique	703	....
Hachette	207.50	....
Havas	548	....
Imetal	310	....
Imm de France	1,175	....
Immobanque	778	....
Immob Phenix	164.40	....
Industrielle	4,500	....
Interbail	474	....
Intertechnique	1,220	....
LVMH	3,887	....
Lafarge Coppee	414.10	....
La Henin	573	....
L'Oreal	530	....
Legrand	3,712	....
Locafrance	440	....
Lyon Eaux Dumez	613	....
Matra	284	....
Merlin-Gerin	523	....
Michelin B	89.90	....
Moulinex	117	....
Navigation Mixte	1,400	....
Nord Est	129.20	....
Nouv Galeries	880	....
OFP	1,611	....
Orsan	190	....
Paribas	482.60	....
Paris Reescompte	283xr	....
Pechelbronn	1,307	....
Pernod Ricard	1,157	....
Perrier	1,498	....
Peugeot	565	....
Pinault	336	....
Poliet	525#	....
Printemps (Au)	675	....
Promodes	2,045	....
Radiotechn	348	....
Redoute	3,600	....
Rhone Poulenc Cts	364.90	....
Roussel-Uclaf	2,145	....
SILIC	641	....
Sagem	1,615	....
Saint Gobain	432	....
Saint Louis	1,419	....
Sanofi	889	....
Schneider	777	....
Seb SA	1,491	....
Sefimeg	450	....
Simco	539	....
Skis Rossignol	697	....
Soc Generale de Fr	410	....
Sommer-Allibert	1,540	....
Spie Batignolles	574	....
Suez (Fin de)	343.90	....
Taittinger	3,890	....
Thomson C S F	144.90	....
Total Fr Petro B	713	....
UAP	576	....
UFB Locabail	263xd	....
Uniball	725	....
Union Immob Fr	572	....
Valeo	419	....
Vallourec	319.50	....

GERMANY

March 28	Dm.	+ or −
AEG	206.60	....
AG Ind & Verk	770	....
Aachen Mch (Reg)	780	....
Allianz AG	2,225	....
Altana Ind	535	....
Asko	799	....
Asko Prf	760	....
BASF	231.90	....
Badenwerk	228.50	....
Bayer	269	....
Bayer-Hypo	355	....
BMW (Br)	522	....
Bayer Vereinsbk	351.60	....
Beiersdorf	725	....
Berliner Kraft	115.80	....
BHF Bank	402.50	....
Bilfing Berg	835	....
Brown Boveri	925	....

GERMANY (continued)

March 28	Dm.	+ or −
Colonia Vers	1,120	....
Colonia Versich Pf	636	....
Commerzbank	266	....
Continental AG	228	....
DLW	594	....
Daimler-Benz	643	....
Deckel (Fr)	150	....
Degussa	329	....
Deutsche Babcock	163	....
Deutsche Bank	615	....
Didier-Werke	203.80	....
Douglas Hldg	724.50	....
Dragerwerk	280	....
Dresdner Bk	351.50	....
Fag Kugelfischer	246	....
Gerresheimer	395	....
Goldschmidt (TH)	710	....
Hamburg Elekt	191	....
Hapag Lloyd	430	....
Heideib Zem	1,010	....
Henkel Prf	548	....
Herlitz	374	....
Hochtief	1,217	....
Hoechst	240.60	....
Hoesch	265.50	....
Holzmann Ph	1,265	....
Horten	182	....
Industriekredit	267	....
Industrie Werke	301	....
Kali & Salz	170.20	....
Karstadt	558	....
Kaufhof	432.50	....
KHD	186.50	....
Klockner Werke	147	+1
Lahmeyer	995	....
Leifheit	722	....
Linde	789	....
Linotype	582	....
Lufthansa	133.50	....
Lufthansa n/v Prf	117.50	....
MAN	379	....
MAN Pref	300.50	....
Mannesmann	278.50	....
Mannheim Vers	850	....
Mercedes Hld	526	....
Metallgesellschaft	487.50	....
Muench Rueck (Reg)	2,350	....
PWA	247	....
Philips Kommun	555	+25
Porsche	920	....
Preussag	306	....
Rheinelektra	1,865	....
Rheinmetall Berlin	363	....
Rheinmetall Prf	246	....
Rhein West El	375	....
Rhein West El Prf	303.50	....
Rosenthal	293	....
Schering	779.50	....
Schmalbach Lubeca	355	....
Siemens	591	....
Springer Axel Rg	695	....
Sud Chemie	605	....
Thyssen	210xd	....
Varta	345	....
Veba	318.50	....
VEW	215.20	....
Verein-West	301	....
Viag	353.20	....
Volkswagen	362.50	....
Volkswagen Prf	303	....
Wella Prf	728	....
Zanders Feinpap	230	....

ITALY

March 29	Lire	+ or −
Banca Comm	4,835	....
Banca Naz Agric	7,460	....
Banco Lariano	6,020	....
Bastogi-I R B S	276	....
Burgo (Cartiere)	9,420	....
CIR	2,570	....
Caffaro Spa	870	....
Cementir	2,270	....
Cigahotel	3,015	....
Cofide Fin	2,820	....
Credito Italiano	2,630	....
Danieli & C	9,050	....
Enimont	1,549	....
Eridania	7,300	....
Ferruzzi Fin	2,295	....
Fiat	5,540	....
Fiat Priv	3,900	....
Fidis	6,180	....
Fondiaria	43,585	....
Gemina	1,835	....
Generali Assicur	35,150	....
Gilardini	3,302	....
IFI Priv	14,900	....
Italcable	8,450	....
Italcementi	22,350	....
Italgas	2,985	....
Lloyd Adriatico	13,995	....
Magneti Marelli	865	....
Mediobanca	15,650	....
Montedison	1,540	....
Olivetti	3,990	....
Pirelli & Co	7,100	....
Pirelli Spa	1,670	....
RAS	19,900	....
Rinascente (La)	6,050	....
SASIB	7,550	....
SIP	1,332	....
Saffa A	8,150	....
Saipem	1,848	....
Sirti Spa	12,500	....
SMI	1,300	....
Snia BPD	1,650	....
STET	2,225	....
Toro Assicur	24,650	−250
Tosi Franco	33,200	....
Unicem	11,350	....

NETHERLANDS

March 28	Fls.	+ or −
A B N Amro Holding	37	....
ACF Holding	45	....
AEGON	128.90	....
Ahold	82.10	....
AKZO	107.50	....
AMEV	58.50	....
Bols Lucas	192.50	....
Bornemij Wehry Ct	83.50	....
Buehrmann Tett Ct	63.50	....
Centrale Suiker	81.30	....
DAF	23.30	....
DSM	113.60	....
Dordtsche Petr	139.60	....
Elsevier Dp Rets	82.20	....
Fokker	34	....
Gamma	102.50	....
Gist Brocades	35.50	....
Heineken	152	....
Hollnd Beton	191	....
Hoogovens	56.10	....
Hunter Douglas	81.70	....
IHC Caland	52	....
Int Nederland	51.20	+3.90
Intl Mueller	78.30	....
KLM	26.40	....
KNP	52.30	....
Kempen	12.30	....
Nedlloyd	56.50	....
Nijverd-Ten Cate	94.50	....
Nutricia Ver Bedr	133.50	....
Oce V Grint	53.50	....
Ommeren (Van)	43.70	....
Pakhoed	194	....
Philips	28	....
PolyGram	35.80	....
Robeco	101.80	....
Rodamco	55.10	....
Rolinco	99	....
Rorento	64.80	....
Royal Dutch	150	....
Unilever	162.40	....
VNU	98	....
VMF Stork	52.80	....
Wessanen	79.50	....
Wolters Kluwer	52.50	....

NORWAY

March 27	Kroner	+ or −
Aker A Free	115	....
Bergesen A	138	....
Christiania Bk Free	58	....
Den norsk Bk Free	140	....
Dyno Ind	125	....
Elkem Free	170	....
Hafslund Nyc A Free	195	....
Kvaerner Free	195	....
Leif Hoegh	80	....
Nora Ind A Free	250	....
Norsk Data A	28	....
Norsk Hydro	189	....
Norske Skog A Free	155	....
Orkla Borreg Free	200	....
Saga Pet A Free	107.50	....
Saga Pet B Free	102	....
Skangen (I M)	17.40	....
Storebrand Free	125	....
Storli B	152	....
Unitor Ships Sr	99	....
Vard AS A	85	....

SPAIN

April 1	Pts.	+ or −
Alba (Corp Fin)	6,320	+20
Aragonesas	1,740	+15
Asland	3,650	+120
Banco Bilbao Viz	3,200	....
Banco Central	4,650	+10
Banco Exterior	3,500xr	....
Banco Hispano	3,070xd	+20
Banco Popular	10,730xd	+90
Banco Santander	5,610	+20
Banesto	4,170	+50
CEPSA	2,195	+15
Carburos Metal	6,400	+150
Dragados	2,800	+50
Electra Viesgo	2,750	−330
Endesa (Br)	2,445	+75
Ercros	1,115	+40
Fecsa	759	−3
Hidroel Cantabr	2,030	−30
Hidrola	571	−7
Iberduero	740	+1
Koipe	4,000	+100
Mapfre	6,100	+100
Metal Duro-Felg	1,580	−5
Metrovacesa	6,050	+50
Portland Vald	18,650	+50
Repsol	2,515	−5
SNIACE	435	+12
Sarrio	920	+19
Sevillana Elec	648	+18
Tabacalera A	4,750	−50
Telefonica	1,000	−5
Tudor	1,490	+60
Union Fenosa	604	+10
Union y el Fenix	7,200	....
Uralita	2,320	+85
Urbis Ser 2	1,680	....
Vallehermoso	3,260	+135

SWEDEN

March 28	Kroner.	+ or −
AGA B Free	312	....
Alfa-Laval B Free	239	....
Asea B Free	615	....
Astra A Free	549	....
Astra B Free	547	....
Atlas Copco B	222	....

SWEDEN (continued)

March 28	Kroner.	+ or −
Electrolux B Free	230	....
Ericsson B Free	212	....
Esselte B Free	150	....
Gambro B Free	176	....
Mo Och Dom B Free	275	....
Nobel Free	65	....
Procordia B Free	167	....
Saab Scania B Free	289	....
Sandvikon B Free	300	....
Skandia Free	180	....
Skan Enskilda C	72	....
SKF B Free	107	....
Stora Kopp B	349	....
SCA B Free	107	....
Svka Handl B Free	135	....
Trelleborg B Free	136	....
Volvo B Free	317	....

SWITZERLAND

March 28	Frs.	+ or −
Adia Intl (Br)	880	....
Adia Ptg Cts	119	....
Alusuisse Lonza	1,175	....
Alusuisse Ptg Cts	98	....
Baloise Ptg	2,150	....
Brown Boveri (Br)	4,750	....
Brown Boveri Ptg	833	....
CS Hldgs (Br)	1,836	....
Ciba Geigy (Br)	2,780	....
Ciba Geigy (Reg)	2,560	....
Ciba Geigy (Pt Cts)	2,450	....
Elektrowatt	2,980xd	....
Elvia	2,140	....
Fischer (Geo)	1,590	....
Fischer Ptg	268	....
Forbo	2,340	....
Holderbk (Br)	5,220	....
Holzstoff (Br)	5,500	....
Jelmoli	1,590	....
Jelmoli Ptg Cts	322	....
Landis & Gyr	1,150	....
Landis & G Prior Ptg	100.50	....
Leu Hold (Br)	1,600	....
Leu Hold Ptg	264	....
Mag Globus Ptg	870	....
Mikron (Reg)	490	....
Motor-Columbus	1,500	....
Nestle	8,420	....
Nestle (Reg)	8,300	....
Oer-Buehrle	530	....
Pargesa Hld	1,280	....
Pirelli	410	....
Richemont	10,500	....
Roche (Br)	7,630	....
Roche (Genuss)	4,360	....
Sandoz (Br)	11,500	....
Sandoz (Pt Cts)	2,190	....
Schindler (Br)	6,250	....
Schindler (Pt Cts)	1,135	....
Sika Reg A	750	....
Surveillance (Br)	7,770	....
Swissair	775	....
Swiss Bank (Br)	319	....
Swiss Bank Ptg	281	....
Swiss Reinsurance	3,070	....
Swiss Reins Ptg	574	....
Swiss Volksbk	1,365xd	....
Union Bank Br	3,490	....
Union Bank Ptg	138	....
Winterthur	4,100	....
Winterthur Ptg	766	....
Zurich Ins	4,500	....
Zurich Ins Ptg	2,180	....

SOUTH AFRICA

March 28	Rand	+ or −
AECI	14.75	....
Allied Tech	89	....
Anglo Am Coal	97.50	....
Anglo Am Corp	97.50	....
Anglo Am Gold	189.50	....
Barlow Rand	38.25	....
Buffels	39	....

JAPAN

April 1	Yen	+ or −
Ajinomoto	1,580xd	−20
Akebono Brake Ind	816xr	−4
All Nippon Airways	1,350xd	−40
Alps Electric	1,620xd	....
Amada Co	1,170xd	−10
Amano Corp	2,050xd	+70
Ando Construction	1,330xd	−10
Anritsu	1,830xd	−40
Aoki Corp	863xd	+15
Arabian Oil Co Ltd	7,110	+50
Asahi Breweries	1,270	−10
Asahi Chemical	810xd	−10
Asahi Glass	1,340	....

April 1	Yen	+ or −
Japan Radio	2,820xd	+100
Japan Steel Works	634xd	−2
Japan Storage Batt	810xd	....
Japan Syn Rubber	686xd	+1
Japan Wool	1,690	−10
Jujo Paper	698xd	−2
Jusco	1,600	−40
Kagome	1,300xr	+20
Kajima	1,600xd	−20
Kaken Pharm	1,600xd	+10
Kandenko	2,910xr	−10
Kanebo	595xd	−10

April 1	Yen	+ or −
Nikko Sec	1,050xd	+10
Nikon Corp	1,350xd	−20
Nippon Credit Bank	11,900xd	−200
Nippon Denko	733	−8
Nippon Denso	1,690	+30
Nippon El Glass	1,650xd	+10
Nippon Express	894xd	+13
Nippon Fire	881xd	−1
Nippon Flour Mills	680xd	−25
Nippon Hodo	2,800xd	+10
Nippon Kayaku	870	+1
Nippon Light Metal	1,020xd	+51
Nippon Meat Pack	1,590xd	+90

April 1	Yen	+ or −
Taiyo Fishery	536xd	−9
Takaoka Electric	1,100xd	+10
Takara Shuzo	841xd	+5
Takashimaya	2,230	−60
Takeda Chem	1,800xd	....
Tanabe Seiyaku	1,160xd	+30
Teijin	568xd	−17
Teikoku Oil	939	+9
Tekken Constr	1,180xd	....
Toa Gosei Chem Ind	856xd	−9
Tobishima Corp	1,280xd	−30
Tobu Railway	870xd	+2
Toei	1,040xd	−30

TOKYO - Most Active Stocks
Wednesday 27 March 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Chiyoda	18.3m	2,930	+100	Nisshin Steel	4.9m	704	+27
Hitachi Zosen	13.2m	631	+19	Zexel	4.4m	918	+73
N'on Yakin Kgyo	8.0m	982		M'sui OSK Lines	3.9m	654	+6
Godo Steel	6.3m	2,440	+40	Brother Inds	3.8m	770	+35
N'on Light Met	5.4m	1,020	+46	Sankyo Aluminm	3.7m	1,670	+10

CANADA

INDICES

TORONTO	Mar. 28	Mar. 27	Mar. 26	Mar. 25	1991 HIGH	1991 LOW
Metals & Minerals	3184.27	3179.47	3196.30	3157.02	3284.18 (5/3)	2632.06 (9/1)
Composite	3495.67	3486.25	3467.92	3459.82	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1836.40	1830.90	1826.98	1819.13	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

**Saturday March 30: Taiwan Weighted Price: (c). Korea Comp Ex. 659.85.
‡ Subject to official recalculation. †BEL20 replaces Cash Mkt Index. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

هكذا من الأصل

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
High Income						
American Income	6	47.00	47.32xd	50.33	6.89	40000
Gilts & Fixed Int	6	112.4	112.4xd	119.2	9.65	40001
High Inc Equity	6	136.6	140.1	149.0	5.70	40002
Worldwide Bond	6	203.5	203.9xd	215.7	6.95	40003
Capital Growth						
American Growth	6	192.9	194.3	206.6	.97	40004
Asian Pacific	6	125.2	127.9	136.8	.15	40005
Assets & Earnings	6	172.4	176.2	187.4	2.80	40006
Capital Reserve Acc	0	103.6	103.6	103.7	7.32	40007
Capital Reserve Inc	0	81.95	81.95xd	81.98	7.32	47980
Comdty & Energy	6	76.99	79.12xd	84.16	.89	40008
1992 Enterprise	6	63.54	65.00	69.14	2.75	46597
Euro Capital Acc	6	86.54	87.91	93.52	1.45	40009
Euro Capital Inc	6	83.09	84.41	89.79	1.45	47981
General	6	170.6	174.0xd	185.1	2.70	40010
Japan	6	99.77	100.3	106.7	–	40011
Mastertrust	6	88.50	89.96	95.70	2.29	40012
UK Growth Acc	6	159.9	166.6	177.2	2.09	40013
UK Growth Dist	6	103.4	107.8	114.6	2.09	40014
US Emerging Cos	6	62.58	64.04	68.12	–	40015
Income & Growth	6	307.9	315.1	335.2	4.18	40016
Ethical	6	49.25	50.63	53.86	2.73	40017
International	6	60.51	61.37	65.28	1.90	46552
Dividend & Growth	6	48.97	50.21	53.41	5.62	47921
Global Gwth & Sec	6	51.01	51.33	54.60	1.85	46096

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	956.23	956.23	1024.22	–	–

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

UK Growth 1(4-1)	6	66.58	68.09xd	72.82	3.39	46355
UK High Income	6	34.78	35.24xd	37.69	5.36	46356

NM Unit Trust Mngrs (1200)H
The Bitton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

American ♥	5¼	31.74	31.84	33.96	1.50	41072
(Accum Units) ♥	5¼	33.97	34.08	36.35	1.50	41073
Australian ♥	5¼	166.80	168.60xd	180.80	3.04	41074
(Accum Units) ♥	5¼	187.90	189.90	203.70	3.04	41075
Conscience	5¼	50.94	51.74	55.21	1.41	41076
(Accum Units)	5¼	53.4	54.26	57.90	1.41	41077
European	5¼	139.6	141.30	150.70	1.04	41078
(Accum Units)	5¼	147.40	149.20	159.10	1.04	41079
Extra Income	5¼	65.51	65.51xd	69.91	8.74	41080
(Accum Units)	5¼	88.66	88.66	94.62	8.74	41081
Far East Gth Acc	5¼	111.10	111.10	118.70	0.26	41082
Gilt & F.I.	5¼	50.83	50.83xd	53.81	9.31	41083
(Accum Units)	5¼	107.00	107.00	113.20	9.31	41084

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Swiss Life Unit Tst Man Co Ltd (1200)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Equity Dist	5½	415.4	422.9	447.5	3.76	41453
Equity Acc	5½	577.7	588.3	622.5	3.76	41454
Fixed Int Dist	5½	111.9	114.0	118.1	8.63	41455
Fixed Int Acc	5½	237.9	242.4	251.2	8.63	41456
UK Index Track Dist	5	95.43	97.34	103.0	4.28	47896
UK Index Track Acc	5	100.9	101.8	107.7	4.28	47897

TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
TSB American	6	134.92	135.85	144.52	0.37	41457
Do Accum	6	147.48	148.51	157.98	0.37	41458
TSB Brit Growth	6	71.91	73.08	77.74	3.32	41459
Do Accum	6	80.54	81.86	87.08	3.32	41460
TSB European	6	74.67	75.04	79.82	1.12	41461
Do Accum	6	77.38	77.76	82.72	1.12	41462
TSB Extra Income	6	160.64	164.19	174.67	5.18	41463
Do Accum	6	231.64	236.76	251.87	5.18	41464
TSB Smaller Cos	6	44.53	46.17	49.11	2.45	41465
Do Accum	6	47.13	48.86	51.97	2.45	41466
TSB General	6	223.17	226.58	241.0	3.56	41467
Do Accum	6	416.4	422.71	449.69	3.56	41468
TSB Premier Income	5	43.89	44.51	46.36	8.77	41469
Do Accum	5	78.55	79.67	82.98	8.77	41470
TSB Income	6	301.54	306.97	326.56	4.88	41471
Do Accum	6	560.56	570.66	607.08	4.88	41472
TSB Pacific	6	232.68	236.62	251.72	0.42	41473
Do Accum	6	242.11	246.21	261.92	0.42	41474
TSB International	6	393.0	396.28	421.57	0.87	41475
Do Accum	6	504.09	508.3	540.74	0.87	41476
TSB Nat Resources	6	63.48	64.58	68.7	0.3	41477
Do Accum	6	68.86	70.06	74.53	0.3	41478
TSB Strat Opps	6	78.26	79.98	85.08	1.07	41479
Do Accum	6	94.28	96.36	102.5	1.07	41480
Environmental Inv	6	46.3	47.12	50.12	2.12	46849
Do Accum	6	47.77	48.61	51.71	2.12	46850
TSB Selector	6	48.12	49.0	52.12	0.81	47660
Do Accum	6	49.58	50.49	53.71	0.81	47661
TSB High Income	6	50.58	51.66	54.95	5.73	44858
Do Accum	6	51.93	53.03	56.41	5.73	44859
TSB Intl Income	6	49.09	49.37	52.52	6.76	44560
Do Accum	6	51.16	51.46	54.74	6.76	44561

M & G Securities Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Charibond	101.00	101.00	10.67	40883
(Accum Units)	550.03	550.03	10.67	40884
NAACIF Mar 26	–	42.59	9.56	46917

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	Yield Gross	City-line
UK Equity † Apr 2	127.7	136.7	2.86	46925
UK Small Co † Apr 2	518.5	558.4	1.92	46926
Fixed Interest † Apr 2	107.8	113.3	7.84	46920
US Small Co Apr 2	147.8	158.1	0.00	46927
Managed Apr 2	106.5	113.3	1.27	46924
Intl Bond Apr 2	113.2	121.6	7.32	47790
Japan Apr 2	72.70	77.73	0.87	47877
European Apr 2	84.46	90.30	0.87	47876
Nth American Apr 2	105.0	112.8	1.25	47878

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	Yield Gross	City-line
Amer Exmt Mar 27	48.95	50.91	2.84	41064
Euro Exmt Mar 27	49.70	52.19	2.37	41065
Fixed Int Ex Mar 27	46.34	47.49	10.35	46994
Japan Exmt Mar 27	46.14	47.98	0.60	41066
Managed Ex Mar 28	44.25	46.00	4.33	41067
SE Asia Exmt Mar 27	69.41	72.87	3.75	41068
Sm Cos Exmt Mar 27	33.21	34.86	4.46	41069
UK Eqty Ex Mar 27	41.51	43.58	3.89	41070

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	Yield Gross	City-line
Small Co's Mar 6	698.9	732.6	4.86	41138
Do Accum	773.8	822.8	4.86	41139
Int Exmt Mar 27	173.7	177.1	2.47	41140
UK Index Mar 6	1152.0	1174.0	4.95	46945
Do Accum	1232.0	1256.0	4.95	46946
Convertible Mar 22	94.6	97.54	7.69	46758
World ex UK Index Mar 25	781.7	791.5	1.96	47887
Do Accum	781.7	791.5	1.96	47888
Japan Index Mar 25	622.5	631.1	0.61	47881
Do Accum	624.0	632.6	0.61	47882
USA Index Mar 25	944.3	950.1	3.23	47885
Do Accum	967.6	973.4	3.23	47886
Europe ex UK Index Mar 25	861.2	880.9	2.86	47879
Do Accum	890.7	900.8	2.86	47880

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	Yield Gross	City-line
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	103 2	108.7	–	41924
Pension Managed Fd	99.6	104.8	–	41926
Life Deposit Fd	105.6	111.1	–	41923
Pension Deposit Fd	110 0	115.8	–	41925
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	110.6	120.9	–	47150
Managed Growth	137.3	150.1	–	47151
Managed Opportunity	134.3	147 6	–	47152
NFMC Target Financial	101.9	109.6	–	47153
Pension Funds				
Managed Cautionary	119.2	129.6	–	47154
Managed Growth	143.9	157.3	–	47155
Managed Opportunity	136.3	149	–	47156
NFMC Target Mngd Pen	1484.5	1613.6	–	47157
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Managed	158.2	166.6	–	43141
UK Equity	166.1	174.9	–	43135
Overseas Equity	133.1	140 2	–	43136
Fixed Interest	142.1	149.6	–	43137
Property	130.3	137.2	–	43138
Index Linked	144.8	152.5	–	43139
Deposit	153.0	161.1	–	43140
With Profits (B)	127.1	133.8	–	44128
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	346.2	364.5	–	43163

	Bid Price	Offer Price	Yield Gross	City-line
Prosperity Life Assurance Ltd				
1 Sealoes Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	152.5	161.0	–	42995
Accum Equity	217.0	228.5	–	43005
Accum Managed	225.0	237.5	–	43006
Accum Five Star	168.5	178.0	–	43011
Accum World	120.5	127.5	–	43013
Accum Lifetime	111.8	111.8	–	47139
Pens Acc Equity	235.0	248.0	–	43025
Pens Acc Managed	279.0	294.5	–	43026
Pens Acc Intl	206.5	217.5	–	43027
Pens Acc Deposit	194.5	205.0	–	43029
Pens Acc Five Star	185.0	195.5	–	43031
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	224.1	236.4	–	43411
UK Fixed Int Acc	169.4	178.7	–	43412
Intl Equities Acc	175.7	185.4	–	43413
UK Managed Acc	171.8	181.2	–	43414
Property Acc	225.8	238.2	–	43415
Money Acc	127.1	134.1	–	43416
Special Market Acc	129.8	137.0	–	43417
Japan Equity Acc	105.7	111.6	–	46760
North American Acc	105.7	111.6	–	43419
Pacific Acc	93.2	98.4	–	43420
Technology Acc	115.8	122.2	–	43421
Nat Resources Acc	53.9	56.9	–	43422
European Acc	99.2	104.7	–	43424
Residential Prop Acc	96.4	101.7	–	43425
Swiss Equities Acc	34.8	36.8	–	43426
Hong Kong Acc	63.6	67.1	–	43427
UK High Inc Eq Acc	74.7	78.8	–	43428
Int. Fixed Interest Acc	55.5	58.6	–	46406
Int. Managed Acc	56.1	59.1	–	46407
HIP Managed Acc	110.7	116.7	–	46751
HIP Managed II Acc	97.6	102.9	–	41928
HIP Managed III Acc	103.3	108.9	–	45681
Total Investment Bond				
UK Equity Initial	153.0		–	43429

	Bid Price	Offer Price	Yield Gross	City-line
Shield Assurance Ltd				
40 Uxbridge Rd, W5 2BS 081-567 0700				
Shield Life Mngd	121.3	127 6	–	43997
Shield Pensions Mngd	126.1	132.7	–	43998
Shield Secure	113.2	119.1	–	43999
Shield Secure Pens	124.6	131.2	–	44000
Shield Brunel	129.0	135.7	–	46755
Shield Brunel Pens	135 6	142.7	–	46756

	Bid Price	Offer Price	Yield Gross	City-line
Swiss Life (UK) PLC				
101 London Rd, Sevenoaks 0732 450161				
Group Pension Funds				
Equity Managed	£415 97	428.83	–	44302
Fixed Int Managed	£236 18	237.36	–	44303
Property Managed	£286.18	295 03	–	44305
Mixed Managed	£314.24	323.95	–	44307
Cash Managed	£235.97	235.97	–	44306
International Mngd	£181 92	187 54	–	44308
Europe Managed	£94.30	97.21	–	47919
Index Tracking Mngd	£98 99	104 19	–	47920

	Bid Price	Offer Price	Yield Gross	City-line
CMI Insurance Co Ltd – Contd.				
Dollar Funds				
Antipodean Equity	$0 5250	0.5650	–	45317
Canadian Equity	$–	–	–	
Japanese Equity	$0.5040	0 5430	–	45319
US Equity	$–	–	–	
SE Asia Equity	$0.5790	0 6230	–	45425
US Bond	$0 4688	0.5040	–	45498
Japan Bond	$0 4240	0 4560	–	45502
US$ Currency Reserve	$0.4700	0.5060	–	45883
Eagle Star Intl Financial Services				
Hillary Hse, Prospect Hill, Douglas, IoM 0624 662266				

	Bid Price	Offer Price	Yield Gross	City-line
James Campbell & Son Financial Services				
38 Railway Rd, Coleraine Co Londonderry 0265 44321				
Executive Pension	120 7	127 1	–	47536
Investment Portfolio	158 1	166.5	–	46205
Chase de Vere PLC				
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766				
New Trust Fd	101 2	106 5	–	45193
Safeguard Fd	95 3	100.4	–	46488
United Kingdom Fd	150.3	157.9	–	44459
Worldwide Fd	114 7	120 7	–	46489

Hambros Fd Mgrs (CI) Ltd

PO Box 255 Guernsey 0481 715454

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

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	Bid Price	Offer Price	Yield Gross	City-line
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$735.38		-	45903
Fixed Income Shares	$876.56		-	45904
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Meta Growth	$10.88		-	46000
Yamaichi TSS Fund	$7.81		-	46991
Yamaichi CB Plus Fund	$8.43		-	47535
Thai Inv Fund	$11.55		-	46495

IRELAND (SIB RECOGNISED)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
GAM Fund Management Ltd (a)						
29 Kildare Street, Dublin					010 353 1760 630	
GAM Universal US $ Acc		$-	109.16		-	40337
GAM Universal US $ Inc		$-	109.16		-	40340
GAM Universal DM Acc		DM-	112.17		-	40341
GAM Universal DM Inc		DM-	112.17		-	40342
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	0.98	1.051	-	43441

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
Bank of Ireland Unit Managers Ltd				
Global Scop	$9.62	9.91	-	43795
European Bond	[illegible]	[illegible]	-	45592
Investor Portfolio				
EquityAmerica	$11.16	11.84	-	-
EquityEurope	$9.31	9.88	-	-
BondAmerica	$10.28	10.91	-	-
BondEurope	$9.43	10.01	-	-
BondJapan	$9.82	10.42	-	-
World Inv Trust	$10.56	11.20	-	-
Opportunity Europe	$10.98	11.65	-	-
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$14.39	15.32	1.05	44759
Japan Tech	$62.45	65.79	-	44762
Japan Fund	$27.29	28.66	0.17	44763
Japan New Gen Fd	$18.89	19.84	-	44764
Malay Sing	$35.58	38.36	0.31	44765
Nth American	$20.89	21.94	0.58	47418
Octopus Fund	$21.02	22.08	0.88	44766
Pacific Fd	$54.20	56.91	-	44767
International Bond	$16.35	17.17	6.09	44769
Tristar Warrant	$11.90	12.50	-	47419

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey					0534 73114	
Jersey Gilt (z)	5¼	[illegible]	0.1708	0.1800	9.17	45461
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey					0534 27561	
Lloyds Tst. Gilt	2½	[illegible]	9.589	9.839	11.28	[illegible]
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey					0534 37788	
Intl Circuit Portfolio	6	103.71	103.71	109.96	0.00	40327
Gilt	3	93.89	93.89	96.82	10.33	40446
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey					0534 76077	
Govt Secs Fd	4	55.33	55.33	57.79	11.25	[illegible]
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey					0534 73494	
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	104.29	104.29	107.41	12.48	[illegible]
Gilt & Fixed Interest	5	102.62	102.62	105.69	11.63	[illegible]
Blue Chip & Gilt Edged	5	49.57	49.57	52.85	[illegible]	[illegible]
International Bond	5	108.89	108.89	114.45	7.52	43972
UK Equity	5	100.84	100.84	109.58	1.62	40572
International Equity	5	105.36	105.36	112.46	0.43	[illegible]
Far Eastern	5	93.07	93.07	99.52	0.00	43461
European	5	84.09	84.09	88.87	0.42	43460
Pan American	5	102.05	102.05	108.36	0.79	40570
TSB Gilt Fund Ltd						
Quarterly Share	3	97.82	97.82	100.90	10.60	[illegible]
Monthly Share	3	95.79	95.79	98.79	10.83	[illegible]

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	Yield Gross	City-line
Barclays Intl Funds				
Currency Funds				
Sterling	£20.00		12.2	44718
US Dollar	$30.51		5.9	44719
Deutschemark	DM52.64		7.5	44720
Yen	Y3,891		6.7	44721
Managed Multicurrency	£12.66	13.11	-	44722
Managed Multicurrency	$24.62	25.49	-	44725
Bond Funds				
Sterling Bond	£0.405	0.420	11.5	44724

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

D-Mark needs help

THERE HAVE been few if any concrete signs that the US economy is recovering from recession, but the expectation of a pick up has been enough to lift the dollar at a time when Germany is encountering substantial problems

UK clearing bank base lending rate 12.5 per cent from March 22, 1991

Mass unemployment has encouraged crowds in eastern Germany, who cheered German Chancellor Helmut Kohl as their liberator only a year ago, to call for his resignation. Unions are demanding pay settlements well above the rate of inflation, and in its latest monthly report the Bundesbank says "there is no mistaking the fact that the risks to prices in the foreseeable future have increased significantly."

Demand pressures have led to a sharp rise in German imports. The Bundesbank expects a current account surplus this year, but in January there was a deficit of DM1.2bn, and Friday's figures for February are also likely to show a shortfall.

It is not out of the question that Thursday's meeting of the Bundesbank council will increase official interest rates. A clue may be provided tomorrow if the central bank encourages higher rates by offering a variable rate securities repurchase agreement tender, rather than the fixed 8.50 per cent for 28-day money provided since the last monetary tightening at the beginning of February.

A co-ordinated move, to raise German rates and cut US rates could result if Friday's US employment figures are weak. A rise to 6.7 from 6.5 per cent has been forecast for unemployment, coupled with a large fall of around 165,000 in non-farm payrolls. This may be enough to prompt an easing in credit policy by the Federal Reserve and if the Bundesbank has tightened the D-Mark should be receive some relief from its present problems.

£ IN NEW YORK

Apr.1	Latest	Previous Close
£ Spot	1.7590-1.7610	1.7405-1.7415
1 month	0.92-0.90pm	0.91-0.89pm
3 months	2.54-2.51pm	2.52-2.49pm
12 months	6.98-6.88pm	6.96-6.86pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.28	Previous
8.30 am	92.4	92.4
9.00 am	92.4	92.5
10.00 am	92.4	92.4
11.00 am	92.4	92.3
Noon	92.4	92.3
1.00 pm	92.4	92.2
2.00 pm	92.4	92.2
3.00 pm	92.4	92.2
4.00 pm	92.4	92.2

CURRENCY MOVEMENTS

Mar 28	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.4	-19.6
U.S Dollar	66.3	-12.5
Canadian Dollar	104.6	+1.5
Austrian Schilling	108.8	+11.1
Belgian Franc	110.4	-2.8
Danish Krone	108.5	+3.1
D-Mark	116.9	+23.3
Swiss Franc	112.1	+20.9
Dutch Guilder	113.1	+15.1
French Franc	102.3	-13.7
Lira	98.7	-19.8
Yen	132.0	+65.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar.27

OTHER CURRENCIES

Mar 28	£	$
Argentina	16686.8 - 16726.3	9615.00 - 9635.00
Australia	2.2370 - 2.2390	1.2895 - 1.2905
Brazil	414.785 - 415.425	239.00 - 239.30
Finland	7.0085 - 7.0495	3.9850 - 3.9900
Greece	319.350 - 324.500	184.450 - 187.400
Hong Kong	13.5355 - 13.5525	7.7920 - 7.7940
Iran	123.30	65.50
Korea(Sth)	1253.35 - 1273.55	722.40 - 728.20
Kuwait	N/A	N/A
Luxembourg	61.15 - 61.25	35.15 - 35.25
Malaysia	4.8400 - 4.8495	2.7700 - 2.7750
Mexico	5183.95 - 5202.80	2987.00 - 2997.00
N.Zealand	2.9575 - 2.9625	1.7025 - 1.7055
Saudi Ar	6.4870 - 6.5080	3.7490 - 3.7510
Singapore	3.1145 - 3.1225	1.7900 - 1.7940
S.Af (Cm)	4.7490 - 4.7550	2.7300 - 2.7350
S.Af (Fn)	5.6505 - 5.7445	3.2520 - 3.3060
Taiwan	47.50 - 47.60	27.35 - 27.40
U.A.E.	6.3520 - 6.3745	3.6720 - 3.6740

* Selling rate

CURRENCY RATES

Mar 28	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.770741	0.691945
U.S Dollar	6.00	1.35188	1.20018
Canadian $	9.91	1.56913	1.39077
Austrian Sch	7	16.0360	14.4850
Belgian Franc	10.50	46.8494	42.3693
Danish Krone	9½	8.73720	7.89333
D-Mark	6.50	2.28116	2.05891
Dutch Guilder	7.75	2.60399	2.32103
French Franc	10¼	7.79562	6.97964
Italian Lira	12½	1709.65	1532.09
Japanese Yen	6	187.033	168.565
Norway Krone	8	8.85211	8.00039
Spanish Peseta	-	143.280	127.579
Swedish Krona	10.00	8.23363	7.41278
Swiss Franc	6.00	1.94400	1.75166
Greek Drach	19	N/A	222.729
Irish Punt	-	N/A	0.770481

† European Commission Calculations.
* All SDR rates are for Mar.27

FT FOREIGN EXCHANGE RATES

Mar.28	1-mth.	3-mth.	6-mth.	12-mth.
1.7390	1.7300	1.7139	1.6957	1.6703

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.7380	1.7396	1.7270	1.7190
Sep	1.7200	1.7200	1.7110	1.7000
Dec	-	1.7050	-	1.6850

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
Jun	95-17	95-18	95-04	95-15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Jun	0.7126	0.7129	0.7075	0.7055
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM)

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

SWISS FRANC (IMM)

[illegible]

STANDARD & POORS 500 INDEX

[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.700	5.89	6.25	6.62	7.18	0.20	1.24	2.36	4.47
1.725	3.70	4.42	4.95	5.69	0.62	2.04	3.30	5.69
1.750	2.03	2.95	3.60	4.46	1.43	3.10	4.58	7.04
1.775	0.95	1.96	2.56	3.44	2.85	4.60	6.05	8.56
1.800	0.37	1.20	1.80	2.62	4.79	6.37	7.73	10.27
1.825	0.10	0.69	1.21	2.01	7.02	8.37	9.64	12.12
1.850	0.04	0.37	0.78	1.49	9.30	10.44	11.71	14.10

Previous day's open int: Calls N/A Puts N/A (All currencies)
Previous day's volume: Calls N/A Puts N/A (All currencies)

POUND SPOT - FORWARD AGAINST THE POUND

Mar 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7300 - 1.7415	1.7385 - 1.7395	0.91-0.89cpm	6.21	2.52-2.49pm	5.76
Canada	2.0050 - 2.0150	2.0105 - 2.0115	0.52-0.44cpm	2.86	1.33-1.20pm	2.52
Netherlands	3.3345 - 3.3595	3.3375 - 3.3475	1-⅞cpm	3.37	2⅜-2¼pm	2.77
Belgium	60.75 - 61.40	61.15 - 61.25	19-16cpm	3.43	46-40pm	2.81
Denmark	11.3125 - 11.4350	11.3950 - 11.4050	3½-2¼orepm	3.09	7¾-6½pm	2.52
Ireland	1.1110 - 1.1175	1.1125 - 1.1135	0.24-0.19ppm	2.32	0.54-0.44pm	1.76
Germany	2.9600 - 2.9845	2.9625 - 2.9675	⅞-¾pfpm	3.29	2¼-2pm	2.87
Portugal	259.10 - 261.90	260.90 - 261.90	28-7cpm	0.80	17-65dis	-0.63
Spain	182.80 - 184.75	182.80 - 183.10	2-12cdis	-0.46	18-34dis	-0.57
Italy	2204.05 - 2219.90	2206.75 - 2207.75	4-2lirepm	1.63	7-4pm	1.00
Norway	11.4975 - 11.5945	11.5500 - 11.5600	2⅜-1⅝orepm	2.27	6¼-4¾pm	1.88
France	10.0345 - 10.1180	10.0500 - 10.0600	2¾-2⅜cpm	3.21	7-6⅝pm	2.71
Sweden	10.6820 - 10.7365	10.7150 - 10.7250	¾-½orepm	0.70	½pm-par	0.09
Japan	243.10 - 246.00	245.00 - 246.00	1⅛-1ypm	5.50	2¾-2½pm	4.28
Austria	20.77 - 20.97	20.77 - 20.80	9½-8¼gropm	5.27	18¾-16¼pm	3.31
Switzerland	2.5250 - 2.5370	2.5250 - 2.5350	⅞-¾cpm	3.85	2⅜-2¼pm	3.56
Ecu	1.4370 - 1.4490	1.4410 - 1.4420	0.40-0.35cpm	3.12	1.00-0.95pm	2.68

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.35-4.30cpm. 12 Month 6.92-6.82pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7300 - 1.7415	1.7385 - 1.7395	0.91-0.89cpm	6.21	2.52-2.49pm	5.76
Ireland†	1.5525 - 1.5660	1.5635 - 1.5645	0.60-0.55cpm	4.41	1.65-1.55pm	4.09
Canada	1.1575 - 1.1600	1.1585 - 1.1595	0.31-0.34cdis	-3.36	0.93-0.98dis	-3.30
Netherlands	1.9220 - 1.9395	1.9220 - 1.9230	0.48-0.51cdis	-3.09	1.46-1.51dis	-3.09
Belgium	35.10 - 35.45	35.15 - 35.25	8.00-10.00dis	-3.07	24.00-29.00dis	-3.01
Denmark	6.5525 - 6.5700	6.5525 - 6.5575	1.50-2.00oredis	-3.20	5.20-5.80dis	-3.36
Germany	1.7010 - 1.7220	1.7050 - 1.7060	0.39-0.41pfdis	-2.81	1.28-1.31dis	-3.04
Portugal	150.10 - 150.55	150.10 - 150.20	75-83cdis	6.31	245-280dis	-6.99
Spain	105.85 - 106.60	105.85 - 105.95	58-62cdis	-6.80	168-175dis	-6.48
Italy	1269.00 - 1279.50	1269.00 - 1269.50	4.90-5.40liredis	-4.87	15.00-16.00dis	-4.88
Norway	6.6425 - 6.6775	6.6425 - 6.6475	2.00-2.50oredis	-4.06	6.30-7.00dis	-4.00
France	5.7770 - 5.8375	5.7800 - 5.7850	1.49-1.54cdis	-3.14	4.44-4.54dis	-3.11
Sweden	6.1600 - 6.1920	6.1625 - 6.1675	2.73-3.08oredis	-5.65	8.60-9.20dis	-5.77
Japan	139.80 - 141.50	141.10 - 141.20	0.19-0.21ydis	-1.70	0.50-0.54dis	-1.47
Austria	12.0200 - 12.1100	12.0625 - 12.0675	2.60-3.05grodis	-2.81	8.00-9.30dis	-2.85
Switzerland	1.4500 - 1.4655	1.4545 - 1.4555	0.29-0.32cdis	-2.52	0.83-0.86dis	-2.32
Ecu	1.1965 - 1.2060	1.2050 - 1.2060	0.34-0.31cpm	3.24	0.97-0.91pm	3.12

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Mar.28	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.739	2.965	245.5	10.056	2.530	3.343	2207.	2.011	61.20
$	0.575	1	1.705	141.2	5.782	1.456	1.922	1269	1.156	35.19
DM	0.337	0.587	1	82.80	3.391	0.853	1.127	744.4	0.678	20.64
YEN	4.073	7.084	12.08	1000.	40.96	10.31	13.62	8990	8.191	249.3
F Fr.	0.995	1.729	2.949	244.2	10.	2.516	3.325	2195	2.000	60.87
S Fr.	0.395	0.687	1.172	97.04	3.974	1	1.321	872.3	0.795	24.19
H Fl.	0.299	0.520	0.887	73.44	3.008	0.757	1	660.2	0.602	18.31
Lira	0.453	0.788	1.343	111.2	4.556	1.146	1.515	1000.	0.911	27.73
C $	0.497	0.865	1.474	122.1	5.000	1.258	1.662	1097	1	30.43
B Fr.	1.634	2.842	4.845	401.1	16.43	4.134	5.462	3606	3.286	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

Mar 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12¼ - 12½	12¾ - 12⅝	12¾ - 12⅝	12⅝ - 12⅛	11⅞ - 11¾	11½ - 11⅜
US Dollar	6½ - 6	6¼ - 6⅛	6⅜ - 6¼	6⅜ - 6¼	6½ - 6⅜	7 - 6⅞
Can. Dollar	9¾ - 9½	9¾ - 9½	9¾ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Dutch Guilder	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼
Swiss Franc	9⅛ - 8⅞	9⅛ - 8⅞	8⅞ - 8¾	8⅝ - 8½	8⅜ - 8¼	8 - 7⅞
D-Mark	8¾ - 8⅝	8¾ - 8⅝	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9¼
French Franc	9½ - 9⅜	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅝ - 9½
Italian Lira	13 - 11	11½ - 10½	11⅝ - 11⅛	11⅝ - 11⅛	11½ - 11⅛	11½ - 11⅛
Belgian Franc	9¾ - 9½	9⅜ - 9¼	9¾ - 9½	9½ - 9¼	9½ - 9¼	9½ - 9¼
Yen	8⅜ - 8¼	8⅜ - 8¼	8¼ - 8	7⅞ - 7¾	7⅞ - 7¾	7½ - 7¼
Danish Krone	10 - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
Asian $Sing	6⅞ - 6⅝	6⅞ - 6⅝	6½ - 6⅜	6½ - 6⅜	6⅞ - 6⅝	7⅛ - 6⅞

Long term Eurodollars: two years 7⅝-7½ per cent; three years 8⅛-7⅞ per cent; four years 8⅜-8¼ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.28) 3 months US dollars		6 months US Dollars	
bid 6¼	offer 6⅜	bid 6⅜	offer 6½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

(Lunchtime Apr.1)

Prime rate	9	One month	5.77	Three year	7.25
Broker loan rate	8½	Two month	5.81	Four year	7.49
Fed.funds	6⅛	Three month	5.91	Five year	7.71
Fed.funds at intervention	6¼	Six month	6.01	Seven year	7.94
		One year	6.22	10-year	8.05
		Two year	7.00	30-year	8.24

Mar.28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.55-8.80	8.80-8.95	8.85-9.00	8.90-9.10	9.00-9.20	9.00
Paris	9⅛-9¼	9⅛-9¼	9¼-9⅜	9⅜-9½	9⅜-9½	9.25
Zurich	7⅞-8⅛	8¼-8⅜	-	8¼-8⅜	-	-
Amsterdam	9.25-9.38	9.15-9.25	-	9.18-9.25	-	-
Tokyo	8¼-8⅜	8⅛-8¼	-	7⅞-8⅛	-	-
Milan	11¾-12	11⅞-12⅛	-	11¾-12⅛	-	-
Brussels	9.12-9.25	9¼-9⅜	-	9⅜-9½	-	-
Dublin	10⅞-11	10¾-10⅞	10⅝-10¾	10⅝-10⅞	10½-10⅝	-

LONDON MONEY RATES

Mar 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14	12⅞	12⅞	12½	12	11⅝
Interbank Bid	7	12⅝	12⅝	12⅜	11⅞	11½
Sterling CDs	-	-	12¾	12⅜	11⅞	11⅝
Local Authority Deps.	12⅞	12¾	12¾	12½	12	11½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	12½	12½	12½	11¾	-	-
Company Deposits	-	-	12⅞	12⅜	12⅛	11⅝
Finance House Deposits	-	-	12⅞	12⅝	11⅞	11½
Treasury Bills (Buy)	-	-	12⅛	11⅝	11	-
Bank Bills (Buy)	-	-	12⅛	11¾	11⅛	-
Fine Trade Bills (Buy)	-	-	12¾	12⅜	11¾	-
Dollar CDs	-	-	6.27	6.27	6.40	6.87
SDR Linked Dep. Offer	-	-	8⅛	8⅛	8⅛	8⅛
SDR Linked Dep. Bid	-	-	8	8	7⅞	8
ECU Linked Dep. Offer	-	-	9½	9⅜	9⅜	9⅜
ECU Linked Dep. Bid	-	-	9⅜	9¼	9¼	9¼

Treasury Bills (sell); one-month 11⅞ per cent; three months 11½ per cent; six months 10⅞ per cent; Bank Bills (sell): one-month 12 per cent; three months 11⅝ per cent; Treasury Bills; Average tender rate of discount 11.5556 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 28, 1991. Agreed rates for period April 23, 1991 to May 25, 1991, Scheme I: 13.52 p.c., Schemes II & III: 13.71 p.c. Reference rate for period March 1, 1991 to March 28, 1991, Scheme IV&V: 12.472 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from April 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

BANK OF ENGLAND TREASURY BILL TENDER

[illegible]

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON			NEW YORK		
[illegible]			[illegible]		
1 Mth. Bank Bills	12⅝	Unch'd	[illegible]		
3 Mth. Bank Bills	11¾	-⅛	PARIS		
TOKYO			Intervention Rate	9¼	Unch'd
One month Bills	8⅛	-⅛	One mth. Interbank	9⅜	Unch'd
Three month Bills	8	-⅛	Three month	9⅜	Unch'd
BRUSSELS			MILAN		
One month	9⅜	+⅛	One month	12	Unch'd
Three month	9⅜	-⅛	Three month	11⅞	+⅛
AMSTERDAM			DUBLIN		
One month	9.20	+0.10	One month	10⅞	+⅛
Three month	9.205	+0.050	Three month	10⅝	+⅛

FINANCIAL TIMES STOCK INDICES

	Mar 28	Mar 27	Mar 26	Mar 25	Mar 22	Mar 21	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	85.03	84.80	84.57	84.51	85.01	84.96	85.88	82.17	127.4	49.18
Fixed Interest	94.53	94.45	94.04	94.06	94.24	94.12	94.53	90.59	105.4	50.53
Ordinary	1953.9	1965.9	1943.2	1930.5	1944.0	1970.1	1998.5	1606.3	2008.6	49.4
Gold Mines	138.4	139.0	141.1	145.9	145.3	145.3	179.7	127.0	734.7	43.5
FT-Act All Share	1193.33	1197.11	1185.32	1183.79	1189.12	1203.48	1216.23	987.46	1238.57	61.92
FT-SE 100	2456.5	2484.6	2437.6	2431.9	2440.5	2474.8	2500.6	2054.8	2500.6	986.9
FT-SE Eurotrack 100	1093.14	1090.17	1076.79	1076.41	1077.21	1076.44	1097.05	900.45	1097.05	900.45
FT-SE Eurotrack 200	1137.08	1136.83	1121.76	1120.73	1124.77	1128.03	1141.31	938.62	1141.31	938.62

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	FRIDAY MARCH 29 1991 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY MARCH 28 1991 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	134.76	-0.2	114.24	119.77	119.04	115.88	+0.0	5.85	135.06	115.14	120.50	119.75	115.88	158.31	112.74	135.64
Austria (19)	195.65	+0.9	165.85	173.89	172.82	172.72	+0.0	1.57	193.87	165.28	172.98	171.90	172.72	285.63	167.00	278.78
Belgium (60)	138.96	+0.6	117.80	123.49	122.74	119.86	+0.0	4.91	138.07	117.72	123.19	122.43	119.86	160.02	121.73	147.02
Canada (116)	137.03	+0.0	116.15	121.78	121.03	114.97	+0.0	3.44	137.00	116.80	122.23	121.46	114.97	153.61	121.24	140.52
Denmark (32)	238.00	+0.0	201.75	211.53	210.23	212.19	+0.0	1.56	238.00	202.91	212.36	211.03	212.19	277.62	217.74	258.64
Finland (21)	117.91	+0.0	99.95	104.80	104.15	98.67	+0.0	2.46	117.91	100.52	105.21	104.55	98.67	152.29	90.61	139.82
France (113)	138.07	+0.6	117.04	122.70	121.94	124.43	+0.0	3.35	137.18	116.95	122.39	121.62	124.43	168.85	121.85	154.61
Germany (88)	106.07	+0.4	89.92	94.29	93.69	93.69	+0.0	2.43	105.67	90.09	94.29	93.69	93.69	144.63	101.38	137.71
Hong Kong (48)	151.99	+0.0	128.84	135.08	134.26	152.06	+0.0	4.43	151.99	129.58	135.60	134.77	152.06	152.24	112.24	123.37
Ireland (16)	162.82	+0.4	138.02	144.71	143.82	146.04	+0.0	3.13	162.09	138.19	144.63	143.73	146.04	198.57	132.88	188.33
Italy (91)	78.82	+1.1	66.82	70.05	69.62	74.29	+0.5	3.43	77.96	66.46	69.55	69.12	73.89	109.26	72.05	97.82
Japan (453)	136.05	+0.4	115.33	120.92	120.19	120.92	+0.0	0.71	135.49	115.51	120.89	120.15	120.89	197.26	106.58	135.50
Malaysia (34)	234.06	+0.0	198.42	208.03	206.76	249.95	+0.0	3.07	234.17	199.64	208.92	207.63	250.04	250.89	182.96	227.82
Mexico (12)	789.94	+0.0	669.62	702.07	697.78	2584.14	+0.0	0.27	789.94	673.47	704.81	700.43	2584.14	791.72	324.53	385.33
Netherland (40)	138.25	+0.5	117.19	122.87	122.12	120.67	+0.0	4.28	137.53	117.26	122.70	121.95	120.67	149.03	125.70	140.49
New Zealand (15)	45.27	+0.0	38.37	40.23	39.98	40.96	+0.0	8.29	45.27	38.59	40.39	40.14	40.96	75.38	41.18	60.46
Norway (30)	195.75	+0.0	165.93	173.97	172.91	176.55	+0.0	1.78	195.75	166.88	174.65	173.57	176.55	276.79	182.24	235.63
Singapore (25)	194.56	+0.0	164.93	172.92	171.85	160.67	+0.0	2.34	194.56	165.87	173.59	172.51	160.67	209.24	147.24	193.86
South Africa (60)	198.02	+0.0	167.86	175.99	174.91	141.92	+0.0	4.02	198.02	168.82	176.68	175.58	141.92	251.39	151.50	190.46
Spain (41)	160.18	+0.0	135.78	142.37	141.49	128.51	+0.0	4.42	160.18	136.56	142.92	142.03	128.51	182.25	128.54	136.99
Sweden (27)	186.93	+0.0	158.45	166.13	165.12	170.60	+0.0	2.55	186.93	159.38	166.78	165.75	170.60	234.93	146.60	176.27
Switzerland (65)	93.38	+0.6	79.16	83.00	82.50	83.71	+0.0	2.47	92.81	79.12	82.81	82.30	83.71	109.77	82.17	91.50
United Kingdom (295)	173.30	+0.6	146.91	154.01	153.06	146.91	+0.0	4.82	172.31	146.91	153.73	152.77	146.91	187.44	139.87	150.32
USA (525)	152.05	+0.0	128.89	135.14	134.31	152.05	+0.0	3.22	152.05	129.63	135.67	134.82	152.06	152.83	119.06	137.42
Europe (938)	138.92	+0.5	117.76	123.47	122.72	120.48	+0.0	3.90	138.17	117.80	123.28	122.52	120.45	157.65	124.91	140.80
Nordic (110)	180.84	+0.0	153.29	160.72	159.74	156.73	+0.0	2.06	180.84	154.17	161.35	160.35	156.73	223.29	155.55	169.21
Pacific Basin (650)	136.16	+0.4	115.42	121.02	120.28	121.35	+0.0	1.05	135.65	115.65	121.04	120.28	121.32	192.75	107.82	135.06
Euro-Pacific (1588)	137.63	+0.4	116.67	122.31	121.57	121.85	+0.0	2.23	137.02	116.82	122.25	121.49	121.81	174.18	116.03	137.74
North America (641)	151.04	+0.0	128.03	134.25	133.43	149.55	+0.0	3.23	151.03	128.76	134.77	133.94	149.55	151.83	119.28	137.51
Europe Ex. UK (643)	118.12	+0.5	100.13	105.00	104.36	105.03	+0.1	3.19	117.51	100.18	104.86	104.21	104.97	145.82	106.85	133.26
Pacific Ex. Japan (197)	136.51	-0.1	115.72	121.35	120.60	122.31	+0.0	5.01	136.66	116.51	121.95	121.18	122.31	148.72	111.40	129.11
World Ex. US (1776)	138.59	+0.4	117.48	123.18	122.42	122.40	+0.0	2.29	138.01	117.66	123.14	122.37	122.37	173.77	117.12	136.48
World Ex. UK (2006)	139.05	+0.2	117.87	123.59	122.84	130.09	+0.0	2.38	138.79	118.27	123.79	123.02	130.07	162.00	115.37	135.74
World Ex. So. Af. (2241)	141.75	+0.3	120.16	125.99	125.22	131.69	+0.0	2.62	141.37	120.52	126.14	125.36	131.66	161.84	118.04	136.70
World Ex. Japan (1848)	146.63	+0.2	124.29	130.33	129.54	137.47	+0.0	3.55	146.34	124.76	130.56	129.78	137.45	151.69	124.31	139.20
The World Index (2301)	142.09	+0.3	120.45	126.29	125.52	131.76	+0.0	2.83	141.71	120.81	126.44	125.66	131.74	182.05	118.33	137.02

Latest prices were unavailable for this edition. Markets open (29/3/91): Italy, Japan and Malaysia.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Clydesdale Bank PLC — 30 St Vincent Place, Glasgow G1 2HL — 041 248 7070

£2,000-£19,999	10.25	8.00	10.99	-
£20,000-£49,999	10.70	8.35	11.49	-
£50,000+	11.20	8.74	12.04	-

Citibank Savings — St Martins Hse, Hammersmith Grove W6 — 081-741 4941

Money Market Plus

£2,000-£24,999	11.00	8.50	11.79	-
£25,000	11.50	9.00	12.51	-

Wimbledon & South West Finance PLC — 114 Newgate St, London EC1 7AE — 071-606 9455

High Int Cheque Acc.	13.00	10.14	14.04	-

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Cr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0898 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

BANKS, HP & LEASING

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
2,811.3	ABN Amro Fl5	£11	16.6	4.2	4.9	Aug May	1567
1,406.8	ANZ SA1	151	5.6	11.0	28.12	Jan Jul	1698
3,463.2	Abbey National 10p	272xd	5.0	4.7	11.3	Apr Oct	5411
1,111.6	Allied Irish Ord	171	-1.7	5.2	19.11	Dec July	1354
36.0	Anglo Irish	60	....	7.0	10.12	Jan July	1355
74.7	Ansbacher (H.) 1p	40	-2.4	5.2	12.3	May	1624
1,899.0	Bancaire Cie Fr100	£48¼	0.1	3.2	9.5	May	2202
3,898.1	Banco Bilbao V'z	£16¾	....	4.9	9.12	Dec June	–
3,197.9	Banco de Santander	£29¼	....	4.1	31.10	Apr Oct	–
663.3	Bank Ireland IrE1	198	-0.5	6.7	19.11	July Dec	1360
134.4	Bank Leumi	£19¼	....	–	–	–	1740
25.0	Bank Leumi (U.K.) £1	350	....	6.1	25.2	Apr Sep	1740
1,059.2	Bank Scotland	139	2.2	4.4	8.10	Dec Jul	1742
104.8	Do. 9¼pc Irrd Pf £1	104¼	1.0	11.8	22.10	May Nov	1462
108.3	Do. 9¾pc Irrd Pf £1	108¼	0.9	12.0	–	–	–
13.8	Bank of Wales	43	....	8.7	8.10	Nov Jun	1743
7,914.5	Barclays £1	442xd	-0.2	6.4	11.3	Oct May	1754
5.36	Benchmark 20p	10	-9.1	10.0	9.4	May Oct	1802
39.1	Brown Shipley £1	245	3.4	‡	10.12	Jan Aug	1983
109.2	Cater Allen £1	461	-0.4	7.1	19.11	Jan. Aug	2081
7.51	Chancery	36	....	‡	25.6	Jan July	2102
455.0	Commerzbk DM10	£17¾	2.1	3.5	27.5	May	1046
8,799.3	Deutsche Bk DM50	£206¼	-1.5	2.3	17.5	May	2345
38,421.8	Dai Ichi KBk Y50	£9¼	2.8	0.3	4.7	June	3221
197.8	Espirito Santo	£18¼	2.1	2.3	–	June	5187
325.0	First Nat. Fin. 10p	281	....	8.6	14.1	Feb Aug	2571
49.9	FNFC 6.3pc Cr Pf £1	103	-2.8	8.2	31.12	July	2570
31,035.0	Fuji Bank Y50	1072	-0.9	0.3	4.7	Dec June	1084
136.2	Gerrard & National	350	-1.1	7.2	22.10	June Dec	2686
33.0	Guinness Mahon 10p	51	-3.8	3.8	18.12	July Feb	5074
480.7	Hambros 20p	281	2.9	5.5	10.12	Jan Sep	2812
174.0	Do. 7.5pc Cr Pf £1	116	....	8.6	25.2	Apr Oct	4388
2,876.6	HK & Shang. HK$2.50	44½	....	6.3	1.3	Oct Mar	–
21.4	Joseph (Leo) £1	408	....	5.2	10.12	Jan Sept	3060
24.2	King & Shaxson 20p	153	....	8.9	19.11	Dec June	3088
413.4	Kleinwort Benson Grp	335	4.7	6.6	20.8	May Oct	3102
6,199.5	Kyowa Bank Y50	474	1.1	0.6	29.6	Mar Jun Sept	3049
4,169.8	Lloyds £1	336	-2.6	6.1	25.2	Oct May	3171
35.7	Lon. Scot. Bank 10p	62	3.3	5.9	28.1	Mar Aug	4651
1,568.6	Midland £1	200xd	-0.5	6.0	11.3	May Oct	3380
29,648.2	Mitsubishi Bank Y50	£10¾	-5.2	0.3	4.7	June Dec.	5290
9,766.3	Mitsubishi Tst & Bk Y50	£7½	-0.8	0.5	–	June Dec	4775
26,388.2	Mitsui Taiyo Kobe Y50	£8	-0.8	0.4	–	Sept Mar	–
7,332.2	Mitsui Tst & Bk Y50	612	3.9	0.6	7.12	Sept Mar June	5388
2,586.5	Nat Aust. Bk. A$1	260	4.8	9.3	20.12	July Jan	3456
5,248.8	NatWest £1	325xd	2.5	7.2	11.3	Oct May	3463
67.5	Ottoman Bank	£135	3.8	8.7	16.5	May	–
16.5	Rea Bros. Group	42	-6.7	1.6	10.9	May Oct	3785
1,434.4	Royal Bk. Scotland	188	-3.1	6.0	10.12	Feb July	3874
4,735.9	Saitama Bank Y50	468	2.4	0.6	10.12	Sp De Mr Jn	5286
27,717.8	Sanwa Bank Y50	£9¾	-5.0	0.4	11.12	June Dec.	5108
420.9	Schroders £1	638	....	2.3	8.10	Nov May	3939
81.3	Do. £1 N/V	628	....	3.0	8.10	Apr Nov	3941
1,764.8	Sec. Pacific $10	£14½	8.4	9.7	24.1	Fb My Ag Nv	3985
868.7	Standard Chartd. £1	372	-4.1	7.3	20.8	May Oct	4094
29,443.2	Sumitomo Bank Y50	£9¾	....	0.3	29.6	June	3079
8,858.2	Sumitomo Tst & Bk Y50	£7¼	-6.2	0.5	29.6	June Dec	4918
2,241.0	TSB	149	-2.0	5.7	11.2	Oct Apr	4320
22.6	TSB Bank Ch'nel Is'l	154	3.4	5.2	31.12	Mar Aug	4319
14,644.4	Tokai Bank Y50	£7¼	0.9	0.4	10.12	June	5359
5,800.2	Toyo Tst & Bk Y50	713	-2.5	0.4	29.6	Sept Mar Jun	1393
109.9	Union Discount £1	579	-0.3	8.1	11.2	Mar Sept	4353
863.0	Warburg (S.G.)	438	....	4.6	19.11	July Dec	4425
61.7	Do 6pc Cnv Prf £1	145	-1.4	5.5	25.2	Mar Sept	4426
2,148.1	Westpac $A1	183	5.8	12.5	27.12	Jan July	4473
29.7	Wintrust 20p	350	....	3.3	11.2	Sept Mar	4524
7,114.7	Yasuda Tst & Bk. Y50	682	2.4	0.5	7.12	Sept Mar Jun	5347

Hire Purchase, Leasing, etc.

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
14.0	CLF Yeoman 50p	35	....	‡	10.9	July	1162
31.1	Cambridge Grp Ir5p	48½	-8.5	0.7	14.5	Dec June	5358
10.2	Capital Leasing Ir10p	36	....	3.3	12.89	Jul Jan	1641
79.8	Carlile's (Hdgs) 10p	76	1.3	6.9	10.9	May Oct	2082
250.7	Prov. Financial	492	-3.5	6.4	25.2	Nov Apr	3791
17.9	Reflex Invs. Ir5p	127	....	1.8	25.6	July Dec	4940
36.7	Secure Trust Grp. 1p	259	10.2	5.6	8.10	Jun Nov	1472
378.7	Woodchester IR20p	192	-4.0	1.6	24.9	May Oct	1487

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Unless otherwise indicated, prices are in pence and denominations are 25p. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ♦ Not comparable
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. c Cents. e Redemption yield. f Flat yield. k Kenya. C Canadian. E Minimum tender price.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 ... β	650	......
Finlay Pkg. 5p .... β	31	-3.1
Holt (Jos) 25p .... β	1610	-3.0

IRISH

Cap. 8½% Ln. 1991 ...	£99⅝	......
9pc Cap Ln. 1996 ..	£97⅝	-0.3
Fin. 13% 97/02 ...	£114¾	-0.2
Arnotts	175	......
Carrol (P.J.)	154	......
Helton Hldgs .... γ	55	-3.5
IRG	160	......
United Drug	170	-2.9

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property	
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

FT Share Service

The following changes have been made to the FT Share Information Service:

Additions: Banner Homes (Section: Builders)

Spargos Mines (Mines)

Deletions: Gandalf Techs. Inc. (Canadians)

PHH (Americans)

Rand London (Mines)

Tuckanarra (Mines)

Ambrose Inv. Income (Trusts)

Do. Capital

2:00 pm prices April 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	13	283	14½	14	14	
26¼	21⅝	A L Labs A	0.16	0.01	20	187	u26⅞	26	26¼	+⅜
54¼	40⅞	AMP Inc	1.44	0.03	19	1204	53⅜	52⅝	53⅛	−⅛
63	44¼	AMR			89	2363	58¼	57	57⅜	−¼
2⅝	1¼	ARX			3	60	u2⅞	2⅜	2⅞	
48¾	41½	ASA	3.00	0.06	13	617	45⅞	45	45¾	+1¼
49¾	39¼	Abbott Lab	1.00	0.02	21	2563	47⅞	47	47½	−⅜
13¼	9⅞	Abitibi Pr	0.50	0.04	16	17	13	12⅝	12⅞	−⅛
11⅛	10⅜	ACM Gvt In				1175	u11⅛	10⅞	11⅛	+⅛
9⅞	8¾	ACM GvOpp				116	9⅛	9	9⅛	+⅛
9	8¼	ACM Gvt Sp x	1.01	0.11		388	u9	8¾	9	+⅛
10¾	9⅞	ACM Gvt Se x				357	10½	10⅜	10½	+⅛
8¾	7⅝	ACM Man				199	8⅝	8	8⅛	
12⅝	11⅞	ACM Managd				156	12½	12¼	12¾	+⅛
7¼	4¾	Acme Cleve	0.40	0.06	18	5	6⅞	6⅝	6⅝	
6	4¾	Acme Elect			16	27	5	5	5	+⅛
38	22¾	Acuson			28	300	38⅜	37½	37¾	−⅜
17⅛	14¼	Adams Expr	0.48	0.03	0	80	16⅝	16½	16⅝	+⅛
20	18⅞	Adobe12Pf	2.40	0.12		32	19⅞	19⅞	19⅞	
9¼	7	Adobe Res			20	41	8	7⅞	7⅞	−⅛
31½	16	Ad Micro				27	29¾	28½	29⅝	+⅛
11⅝	4⅞	Ad Micro P	3.00	0.30	19	3477	10⅜	10⅛	10¼	−¼
4⅝	2¼	Advest Grp			3	45	4	3⅞	4	
46⅞	33⅞	Aetna Lf	2.76	0.06	7	1487	46⅞	46⅛	46⅛	−⅜
10⅝	6⅝	Ahl A	0.24	0.02	26	775	10	9¾	10	+⅛
18¾	12	Ahmanson	0.88	0.05	9	1825	18¼	17⅞	17⅞	−⅛
4⅛	2⅞	Aileen Inc			7	651	u4½	4	4½	+½
69⅞	51⅛	Air Pr Chm x			16	387	67⅞	66¾	66⅞	−⅞
25	16⅝	Airbne Frt	0.30	0.01	11	588	20⅝	20⅛	20⅜	+⅛
18	12½	Airgas Inc			21	41	u18	17¾	17⅞	
16¼	10	Airlease x	1.60	0.12	6	37	13	12¾	12¾	
92½	88¼	AlaPw8.16				2	90	90	90	−1½
23½	21⅝	AlaPw PfA				z100	23⅞	23⅞	23⅞	−⅛
103	100	AlaPw9.44				z100	102½	102½	101	
106	104½	Alab Pw 11				z0	106¼	106¼	105	
100¼	86	Alab Pw 9P				z100	99½	99½	98	
92¾	89	Alab 8.28C				z100	91	91	90½	
10⅜	9⅞	AlaPwOpPf				20	9¾	d9⅞	9¾	
28⅜	17½	Alaska Air	0.20	0.01	29	470	25	23⅞	24	−1
16⅜	10	Albany Int	0.35	0.02	50	97	15⅛	14⅝	15⅛	+⅛
34¼	27¼	AlCulvr B	0.22	0.01	22	14	30	29½	29½	−⅜
24⅜	20¼	AlCulvr A	0.20	0.01	17	41	23½	23	23	−⅜
47¼	32⅜	Albertsons	0.56	0.01	28	1134	46⅜	45⅜	46	−⅜
23¼	18½	Alcan Alum	1.12	0.05	9	1878	21¼	21⅛	21⅛	−1
35⅞	29⅜	Alco Stand	0.88	0.03	12	563	32	31	31	−1⅛
27⅜	20⅞	Alexr Alex			21	755	26¼	25⅝	25⅝	−⅜
30⅜	19¼	Alexanders			22	15	28¼	28¼	28¼	+⅛
28	21¼	Allegh Lud	0.88	0.03	13	1507	u28½	28	28	+⅛
39⅞	35	Allegh Pow	3.16	0.08	10	285	39¼	39	39	−⅛

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P -

[illegible]

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¾	12⅝	QuakerVal P				133	13⅝	13½	13½	−⅛
36⅝	33¼	Questar	1.86	0.05	12	228	36⅝	35⅝	35⅝	−⅛
19⅞	10	Quick R'ty	0.28	0.01	16	99	19	18⅝	18⅝	
		- R - R -								
11⅝	10⅝	RAC Inom	0.42	0.04		55	u11¾	11½	11½	
7¾	4⅞	RAC Mortg x	0.60	0.08	7	243	7¾	6⅞	7⅛	−⅛
12⅞	4½	RJRNab Wt				760	11⅝	10⅞	11¼	−½
16⅛	11⅞	RLI Corp x	0.44	0.03	7	18	16⅛	15⅞	15⅞	−⅛
8	4	RMI Titanm			3	45	7½	7½	7½	−⅛
10¼	8⅞	ROCTaiwan				216	10⅞	10⅛	10⅛	
6¼	4¼	RPS Realty			6	200	6⅛	6	6	−⅛
67½	48⅝	Racal ADR			20	172	63⅞	63¾	63⅞	
[illegible]										

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
10¼	9⅞	State Mud	0.96	0.10						
3⅝	2½	Steego Crp								
51⅝	43	StlgSf7.20								
8⅞	6⅞	SterlgBcrp	0.22	0.03						
7⅛	4⅝	SterlgChem								
13½	7⅛	SterlgSwre								
5½	3⅝	Stifel Fin								
38¼	26⅝	StoneWeb x	0.60	0.02						
16⅞	9	Stone Cont	0.72	0.04						
5⅝	3½	Stoneridge								
8¼	6⅝	Storage Eq	0.80	0.10						
35	17¼	Storage Te								
35⅛	20½	Stratus								
44½	28¾	StrideRite	0.48	0.01						
23⅝	20¾	Sturm Rger	1.20	0.05						
8⅝	5⅞	Suave Shoe	0.30	0.04						
9⅝	7¼	Sun Dis A x	1.10	0.12						
4⅛	2½	Sun Dis B x	1.32	0.36						
12⅞	7⅞	Sun Electr								
10⅛	8⅝	Sun Energy	1.82	0.18						
33½	23⅝	Sundstrand	1.10	0.03						
6¼	3¼	SunshineFf								
2⅛	1¼	SunshineMn								
27⅞	20½	Suntrust	0.92	0.03						
16½	14¼	Super Food	0.24	0.02						
27⅞	21⅝	Super Valu								
[illegible]										

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
9⅞	6⅛	ZenithElec			4	339	8⅝	8⅜	8½	
18⅛	12	Zenith Nat	1.00	0.06	37	80	17⅞	17⅝	17⅞	
5⅞	4½	Zenix Inc	0.26	0.05		135	u5⅝	5½	5⅝	+⅛
14	10⅞	Zero Corp	0.72	0.06	13	41	13	12⅞	13	
41⅞	29½	Zurn Ind	0.88	0.02	14	571	37⅝	36⅝	36⅞	−⅞
12⅞	10⅛	Zweig Fund				101	12½	12¼	12⅜	
9¼	8½	Zweig Totl				199	u9¾	9⅝	9¾	+¼

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

1:15 pm prices April 1

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Pet HtSP	0.31	4	10	6⅝	6⅝	6⅝	+⅛
Phil LD	0.16	7	168	u18⅛	17½	18	+1⅛
Pittway A		10	38	24⅞	24⅜	24⅜	−½
Pl y −Gem	0.12	27	107	u8⅝	8⅛	8⅜	
PresidioA	0.10	3	65	5⅜	5¼	5¼	−⅛
Price Com		0	z100				
[illegible]							

NASDAQ NATIONAL MARKET

12:15 am prices April 1

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							
XL Data		8	19	6½	6	6	−½
Xoma Corp		16	644	28⅞	27¼	28¼	−½
YankeeEnS	1.62	17	73	u22⅞	21½	22⅞	+½
Yellow Fr	0.94	13	187	31⅞	30⅞	31⅛	−⅛
York Rsch		21	1573	u20⅛	19½	19⅞	+⅛
ZionsUtah	1.44	9	26	36⅞	36¼	36⅞	+⅛

THE FT INTERVIEW

Counsellor for a new way of life

Oleg Ozherelev, Mr Gorbachev's new economic adviser, talks to **John Lloyd** and **Quentin Peel**

'I have no doubts about the necessity of the market'

One of President Mikhail Gorbachev's favourite phrases has been "*sama zhizn*", or "life itself". This phrase, in Mr Gorbachev's use of it, has been a lever for reform: "life itself", surging up from below, driven by the power of popular impatience and desire for liberty, has been his fuel.

Today, in the mouth of Mr Gorbachev's new economic adviser Mr Oleg Ozherelev, "life itself" is no longer a spur, but a brake. For the realities of "life itself" have forced a shift away from the strategies of a rapid dash to a free market and the 500-day programme associated with Professor Stanislav Shatalin and Mr Nikolai Petrakov, Mr Gorbachev's former economic adviser, to a posture of caution, withdrawal and stabilisation. Mr Ozherelev, the courteous and attentive man who was appointed to the post in February, is a counsellor for a new version of life.

Among the many revealing comments he made in the course of an interview of nearly three hours was a brief discussion of the Chilean experience – introduced because of the overt admiration expressed by some conservatives of the authoritarian imposition of a market economy by the former Chilean president, General Augusto Pinochet. Mr Ozherelev drew a rather different lesson. He noted that Salvador Allende, Pinochet's predecessor, "was a real democrat, and we must learn from his experience" (he was killed in a military coup in September 1973). In the light of that experience Mr Gorbachev should not allow himself to be made "a hostage of his democratic views".

Two points emerge from the Chilean parallel. First, that there exists a deep fear in the highest circles of a coup; second, that there also exists a firm intention to avoid it, by using at least some authoritarian methods.

Mr Ozherelev's role is to advise on what these fears mean in the economic sphere. He is frank – indeed, emphatic – on the malaise with which the government has to deal. The destruction of the old command system and the lack of success in constructing a new one has led to a disoriented, chaotic production and distribution process, where republics and enterprises conduct a ceaseless and predatory search for funds, resources and labour. If this continues, he says, a drop in production of 40-50 per cent would ensue this year – and with it, hunger, riots and a possible coup.

"Unfortunately, our efforts to avoid this are seen in the west as a reversal. But it is a reaction to the existing situation."

Challenged with the widely held view that Mr Gorbachev's change of course last autumn – when he backed away from a rapid switch to a market-based economy – was in part dictated by pressure from the managers of big enterprises, principally in military-related industries, Mr Ozherelev admits there may be some conservatives among managers. "But not many. The normal situation is that these leaders ask for more independence from the state, not less.

"Imagine the situation: an enterprise produces something requiring 600 components. But a supplier fails to deliver three components. The enterprise manager is prepared to pay any price to get the job done – but to no avail. The manager can be the most radical of people, but what can he do? He demands a restoration of the links between him and the suppliers. It is exactly these situations which the president must confront and resolve. These are real situations – made worse by the total absence of a market in the country – which some radical Soviet and western economists do not take into account."

The huge industries serving the military, shielded from the worst rigours of the economy by privileged supply chains, skilled workers and better technology, should not, says Mr Ozherelev, be seen as dinosaurs refusing to reform.

"These people [in industries producing for the military] share the thinking of our times – they are no more enemies of the market economy than those in any other sphere. The defence minister is, of course, interested in boosting competition among his suppliers. One cannot say there is a 'congenital hatred' of the market here [as Mr Petrakov has said]. But what one can say is that this closed sector cannot be tolerated any longer. We must open it up. It will be more difficult here but it will come."

What, then, does he propose? Essentially, a reliance on the president's good intentions and those of his team, including himself. "I have no doubts about the necessity of the market. Since my student days I have been convinced that a just and social society, and the meaning of socialism itself, was not possible without the creation of market relations and a market economy. It is a question of how it should be carried out without social upheavals."

As for the president, Mr Ozherelev says: "I know of no other man so deeply committed to the need for deep democratic change. He has such a subtle approach. I can discuss any problem with him and he will examine it for its potential for real democratic change."

Small enterprises – shops and workshops – should be privatised "as soon as possible, in the course of this year". But for the medium-sized and larger enterprises – the bulk of the economy – "we should use the old system to re-establish links which will allow them to produce properly once more".

At the root of the problem – one to which he returned again and again – was the legacy of the "*deep inner contempt*" for the market inculcated into the population, including the managers of enterprises. "We have very few specialists on the market economy – and those that do exist are theorists, not practitioners." It is in this area, says Mr Ozherelev, that the west can best help, in a re-education of the senior managers and specialists in the practice of the market.

"The country's economists are wholly uneducated from the point of view of economic methods; here there are good prospects for co-operation."

Yet foreign assistance is not, he adds, "based on philanthropy". Instead, it is shrewd self-interest which governs any action. "A country such as the Soviet Union, with its huge military potential, must be a normal, civilised society. If not, then a catastrophe is quite possible of the kind a science fiction writer could not imagine. The destruction of the union, and its breaking up into independent states would be impossible to settle within the sphere of international relations. We must create a single *economic space, like the European Community.*"

Though Mr Ozherelev is close to the president, the same cannot be said of his ties with the government. Asked to comment *on the pronouncements* in February of Mr Valentin Pavlov, the prime minister, that the economy was being sabotaged by western banks buying up hundreds of billions of roubles, he pauses, smiles, and says carefully: "He was not quite accurate in expressing his views on this subject. It may be that there were some grounds for it. People exist everywhere who don't wish each other well. Mr Pavlov is very intelligent – an economist – he realises perfectly well that there should be normal relations and that these relations should not be based *on some sort of dogma. I would* hope that in practice he would prove to be quite different."

Mr Ozherelev's own role is to give Mr Gorbachev independent advice, which may conflict with that offered by his government. The president should, he says, be exposed to a range of views.

Mr Ozherelev himself professes the customary reluctance of the Soviet intellectual to take a part in power; he was happiest in academic life. Persuaded to join the central committee structure in 1984 by Mr Vadim Medvedev, the ideology chief, he rose quickly, avoiding the taint of being either a conservative or a radical.

He says he was surprised to be appointed economic adviser to the president. "At another time I would have hardly agreed. But the situation was so critical, especially after so many people had left Gorbachev, that I could not reject the offer. So I will just have to put up with the difficulties of life."

Quoting Vladimir Mayakovsky – the Russian poet and revolutionary who struggled within a developing totalitarianism of the 1920s for artistic freedom while remaining a communist – Mr Ozherelev says: "My labour may contribute to the work of my country, and that brings me satisfaction." Whether or not it will bring satisfaction to his president, and to his country, "*sama zhizn*" will tell.

PERSONAL FILE

1941 Born in Leningrad. Educated at Leningrad University. Married, with one son.
1961 Professor, then dean of economic faculty, Leningrad University.
1984 Joined central committee staff of the Communist party.
1989 Promoted to consultant of scientific division within ideology department.
Feb 1991 Appointed economic adviser to President Gorbachev.

The birth of a broader economic discipline

MICHAEL PROWSE on America

A group of US academics is trying to launch a new kind of economics: a set of theories more likely to promote a kinder, gentler America than the free market doctrines of the 1980s.

The new economics goes by the ungainly title of "socio-economics". The "socio" indicates that the theories incorporate elements from psychology, sociology and political science. Indeed, a fundamental assertion of socio-economics is that traditional economics is unable to solve many real-world problems because its approach is *too narrow*.

One of the movement's high priests is Mr Amitai Etzioni, a professor at the George Washington University and a former adviser to President Jimmy Carter. In 1988, he published The Moral Dimension: Towards a New Economics (Free Press, New York). The following year he helped launch the Society for the Advancement of Socio-Economics*, a group that appears to be flourishing. It has about 800 academic members in 22 countries. Honorary fellows include such respected figures in economics as Amartya Sen and Kenneth Boulding.

Mr Etzioni is also an editor of *The Responsive Community*, a quarterly launched this winter. The opening editorial declares war on "*Me-ism*", greed and selfishness in the US, arguing that the rights of the individual must be balanced with responsibilities toward the community. It hopes to appeal to both liberals and conservatives.

At present, socio-economics lacks definition. There is no body of established theorems, no textbooks, no official university courses, no stream of PhDs anxious to change the world. In these early days, enthusiasts mainly share a common approach, a belief that economics must involve "the whole person and all facets of society". The fledgling discipline defines itself negatively by rejecting crucial elements in market or "neoclassical" economics – the only approach taken seriously in most US and UK universities.

A central criticism is that traditional economics exaggerates the autonomy of the individual. It portrays us as "sovereign" consumers, independently forming preferences for different commodities and activities. Society is dismissed as an empty concept, signifying nothing but an aggregation of individuals.

Socio-economists believe the communities that stand behind individuals warrant closer attention. Individuals do not leap into the world as fully-formed philosopher kings. What we regard as worth having or doing is heavily influenced by the values of our society. Rather than ignoring society as an explanatory variable, the new economics seeks to place equal weight on the individual and the community.

A second objection focuses *on the rocky moral foundations* of market economics. Originating in 19th century utilitarianism, neoclassical theory regards the maximisation of happiness or "utility" as man's only goal. By definition, no preference can be regarded as "better" or "worse" than another. A taste for peanuts thus occupies the same moral footing as a taste for God.

Mr Etzioni rejects this moral subjectivism, arguing that we have a "divided self": part of us seeks pleasure; but another part is powerfully moved by ethical considerations – by a need to do what is "right" even when it is taxing or unpleasant. Socio-economics believes better predictions of human behaviour will be possible if room is found for both pleasure and duty as sources of motivation.

A third objection is that the neoclassical model of decision-taking is unrealistic. It depicts us as perfectly rational beings, relentlessly seeking the most efficient means to our goals. Emotions are allowed to influence ends, but not means. Yet in assuming that human behaviour typically involves "optimisation subject to constraints", market economics is implicitly endowing us with the information-processing powers of a modern computer.

For socio-economists, this rationalist vision of economic man is untenable. In their eyes, everything we do is influenced by emotions and values. Psychological research, moreover, confirms that we lack the intellectual capacity to process information efficiently. People can hold only some seven items (sometimes as low as three) in their immediate mental grasp. In most instances we could not maximise "utility", even if this were our goal.

If you are doubtful, analyse your own decisions. How often have your choices of where to live or what to buy been based *on cold logic?* At college, did you thoroughly assess the merits of different career options? Or did you, like me, make an essentially arbitrary decision based on intuition, and only the vaguest understanding of the merits of different options?

Such objections to mainstream economics may seem abstruse, even niggling. But they matter. Do you think high taxes retard economic growth? Do you regard the public sector as inherently inefficient? If your answer is yes, you have (consciously or unconsciously) accepted the validity of the neoclassical model. If individuals are autonomous, rational, pleasure-seeking machines, these and other propositions are probably true. But if neoclassical economics is built on shaky foundations, if it captures only a portion of reality, they are probably false.

In a country where the ownership of assault rifles is widely regarded as a fundamental human right, it would be unwise to forecast mass popularity for socio-economics. Nor does the new approach stand much chance of slowing the momentum of market economics, which enjoys the power and influence of an established religion. But enthusiasts can pose awkward questions. The economics profession ought to scrutinise its assumptions, widen its horizons and heed advances in the other social sciences.

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Negative note for developers

JUSTINIAN

It is a tired old myth, sedulously propagated by people who have not done their homework, Lord Wilberforce said in the House of Lords debate in 1981, but English judges are more literalist and narrow in their interpretation of statute law than European courts. While English judges over the past decade have shown more inclination to adopt a purposive approach to acts of parliament, rather than a narrow, literal one, there is still substance in the complaint that social policy is too often being frustrated by the insistence of some *judges to apply the words of a* statute strictly.

A recent decision of the Court of Appeal in a case involving the rival claims of developers and conservationists in the application of planning law does support the view that the black-letter lawyer is still a recognisable judicial breed. A provision in the Town and Country Planning Act 1971, re-enacted in the Planning (Listed Buildings and Conservation Areas) Act 1990, directs planning authorities and inspectors in planning inquiries, when they are considering applications for land developments in a conservation area, to pay special attention to certain environmental factors. The law provides that "where any area is for the time being designated as a conservation area, special attention shall be paid to the desirability *of preserving* or enhancing its character or appearance" with respect to any buildings or other land in that area.

Two years ago, Mr Lionel Read QC, a planning law expert sitting as a deputy High Court judge, *noted* the essential difference in interpreting the law. *He stated pithily:* "Harm is one thing; preservation or enhancement is another." His message to planning authorities and inspectors was that the concept of avoiding harm is essentially negative, while the underlying purpose of the statutory provision is essentially positive. A planning authority must adopt a more vigorous approach to the application of the statutory provision, particularly where there are competing sites.

A year later, Mr Read, following his earlier ruling, quashed a decision of an inspector appointed by the environment secretary. The inspector had reversed a refusal by South Lakeland District Council to grant planning permission to erect a new vicarage in the curtilage of the existing one in Carmel, Cumbria, within the Carmel Conservation Area.

Mr Read considered that the inspector had failed in his duty to determine whether the proposed development would make a positive contribution to preservation and enhancement.

The Court of Appeal, on the other hand, considered that the inspector had fully complied with his duty and it reversed the ruling of Mr Read. Lord Justice Mann, himself a planning law expert before he was elected to the Bench, thought that neither the word "preserving" nor "enhancing" was used in any meaning other than its ordinary English dictionary meaning. Since the words were used disjunctively – "or" not "and" – "preserve", as a transitive verb, was, according to the Oxford English dictionary, "to keep safe from harm or injury". In short, the character or appearance of the conserva*tion area could be said to* be preserved where it was not being harmed. The law's object of preserving the character or appearance of an area is achieved either by a positive contribution to preservation or by land development which left character or appearance unharmed. Lord Justice Butler-Sloss and Sir Christopher Slade (a retired Lord Justice of Appeal) expressed their agreement that the negative approach was to be preferred.

English words always derive colour from other words which surround them. Sentences are not mere collections of words to be lifted out of their sentence structure, defined separately by reference to one or more dictionaries, and then put back into the sentence with the meaning assigned to them as separate words. To indulge in that form of word chopping is a recipe for distorting the purpose for which parliament enacted the law. Preservation as a *façon de parler* may also mean positively protecting the character and appearance of an area designated for conservation, rather than to promote the interests of developers by asking the negative question: will the development be harmful? The positive approach does at least shift the emphasis from development to conservation. It reflects the words of the 19th century poet Samuel Rogers, who wrote:

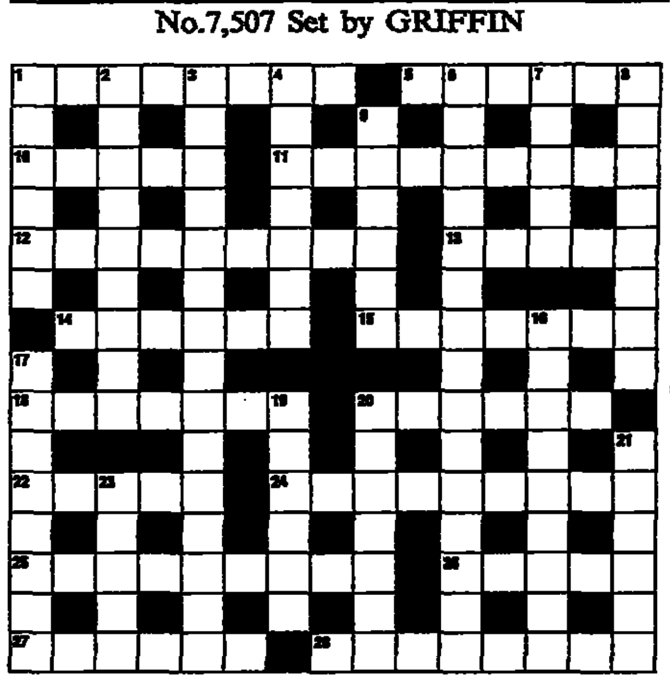
"That very law which moulds a tear
And bids it trickle from its source –
That law preserves the earth as sphere
And guides the planets in their course."

The postwar history of planning law has been an unending *struggle between land* developers and conservationists in which the former's interests have prevailed. Town and Country Planning Acts since 1947 have established a comprehensive licensing system under which any kind of land development requires governmental permission. The legislation has consistently been promoted through ministerial advice to planning authorities and inspectors favouring land development. At local government level, however, there is at least the potential to resist or restrict development but objectors and third parties have no rights except to lodge their opposition to a development which planning authorities must take into account when deciding whether to grant planning permission.

The Court of Appeal's decision is, therefore, bad news for those local authorities wishing to introduce more of a balancing exercise in dealing with planning applications. The decision, in effect, endorses the consistent advice from central government of the primacy of development, even in conservation areas.

CROSSWORD

No.7,507 Set by GRIFFIN



ACROSS

1 Volume covering a large town (8)
5 Mad eccentric grabs handle when tickled (6)
10 *Cancel advance payment,* accepting credit (5)
11 Surely aunt managed to recover? (9)
12 I sent Les a new key (9)
13 Present always includes good books (5)
14 *Two ways in, far quicker* (6)
15 School subject requiring special lab gear (7)
18 Red managed without us and is retiring (7)
20 When atmosphere's about right, ring Dawn (6)
22 *About a month left away* from island (5)
24 Club attempts to include key army units (9)
25 Drug figure Lisa worked out (9)
26 Staff going back east run off (5)
27 Guard wants nurse to go (6)
28 Engineers on stormy seas with vessel to re-evaluate (8)

DOWN

1 Nut demands money we raised (6)
2 City people, when fresh air is introduced, break up! (9)
3 *Tend to follow case of gov*ernment member (7,8)
4 Smack one with a ruler here (7)
6 "Green" trademarks designed for food producers (6,9)
7 *Share one 50p raised* in street (5)
8 When you take 24 hours' rest (8)
9 When in South Africa inform her (6)
16 Black singer swallowing *sedative* (9)
17 Introduces parking then withdraws (8)
19 Dressed in blue ready for the match? (6)
20 Address to "Mister (not Mr) Entertainer" (7)
21 Decline *to take fool round* property (6)
23 Heathen brought up opening article (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday April 13.

JOTTER PAD